



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

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Application of  
Calaveras Telephone Company (U 1004 C)  
Cal-Ore Telephone Co. (U 1006 C)  
Ducor Telephone Company (U 1007 C)  
Foresthill Telephone Company (U 1009 C)  
Kerman Telephone Co. (U 1012 C)  
Pinnacles Telephone Co. (U 1013 C)  
The Ponderosa Telephone Co. (U 1014 C)  
Sierra Telephone Company, Inc. (U 1016 C)  
The Siskiyou Telephone Company (U 1017 C)  
Volcano Telephone Company (U 1019 C)  
for a Determination of Applicants' Cost of Capital  
for Ratemaking Purposes.

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**APPLICATION OF**

**CALAVERAS TELEPHONE COMPANY (U 1004 C)  
CAL-ORE TELEPHONE CO. (U 1006 C)  
DUCOR TELEPHONE COMPANY (U 1007 C)  
FORESTHILL TELEPHONE COMPANY (U 1009 C)  
KERMAN TELEPHONE CO. (U 1012 C)  
PINNACLES TELEPHONE CO. (U 1013 C)  
THE PONDEROSA TELEPHONE CO. (U 1014 C)  
SIERRA TELEPHONE COMPANY, INC. (U 1016 C)  
THE SISKIYOU TELEPHONE COMPANY (U 1017 C)  
VOLCANO TELEPHONE COMPANY (U 1019 C)  
("INDEPENDENT SMALL LECS")**

**FOR A DETERMINATION OF APPLICANTS' COST OF CAPITAL  
FOR RATEMAKING PURPOSES**

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## I. INTRODUCTION.

As authorized by Ordering Paragraph (“O.P.”) 4 of California Public Utilities Commission (“Commission”) Decision (“D.”) 16-12-035 and the Assigned Commissioner’s Scoping Rulings and Memoranda issued in proceedings A.21-11-005, A.21-11-006, and A.21-11-007, Calaveras Telephone Company (U 1004 C) (“Calaveras”), Cal-Ore Telephone Co. (U 1006 C) (“Cal-Ore”), Ducor Telephone Company (U 1007 C) (“Ducor”), Foresthill Telephone Co. (U 1009 C) (“Foresthill”), Kerman Telephone Co. (U 1012 C) (“Kerman”), Pinnacles Telephone Company (U 1013 C) (“Pinnacles”), The Ponderosa Telephone Co. (U 1014 C) (“Ponderosa”), Sierra Telephone Company, Inc. (U 1016 C) (“Sierra”), The Siskiyou Telephone Company (U 1017 C) (“Siskiyou”) and Volcano Telephone Company (U 1019 C) (“Volcano”) (collectively, the “Independent Small LECs”) submit this Application to address cost of capital on a consolidated basis.<sup>1</sup> A reasonable cost of capital should be established in this proceeding and then be implemented as part of company-specific ratemaking determinations in each of the rate cases for the Independent Small LECs that will be processed from 2022 through 2025, including the rate cases that are already underway for Sierra, Siskiyou, and Volcano.<sup>2</sup> For ratemaking determinations after the test year 2023 through test year 2025 rate case cycle, the Commission should authorize—but not require—the initiation of another consolidated cost of capital proceeding based on the factors affecting cost of capital at that time.

Based on this Application, the extensive company testimony demonstrating the risks of their current operating environment, and testimony of regulatory expert Chad Duval and financial expert Mark Zmijewski, the Commission should calculate a weighted average cost of capital for each Independent Small LEC that incorporates three findings: (1) a reasonable cost of equity of 16.7% based on the risks attendant to investments in telecommunications infrastructure

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<sup>1</sup> The Scoping Rulings in A.21-11-005, A.21-11-006, and A.21-11-007 confirm that the consolidated application must be filed “... no later than September 1, 2022.” See A.21-11-005 *Scoping Memo* at 4-5; A.21-11-006 *Scoping Memo* at 4-5; A.21-11-007 *Scoping Memo* at 4-5. This timing stems from agreements reached between the Independent Small LECs and the Public Advocates Office (“Cal Advocates”) regarding the deadline for submitting this Application and the mechanics to implement the results of the proceeding.

<sup>2</sup> For Sierra, Siskiyou, and Volcano (collectively, the “Group A companies”), whose rate cases are ongoing, a Tier 2 advice letter should be submitted within 30 days of a final decision in these proceedings to adjust the revenue requirements adopted in their rate cases on a going-forward basis to reflect the cost of capital adopted here and compute corresponding adjustments to the Group A companies’ respective CHCF-A draws. Those adjustments would be implemented on a prospective basis only.

by these small, rural telephone companies; (2) a forward-looking cost of debt of 5.1% that reflects the interest rates that the companies are likely to face as they operate under the new rate structures to be adopted in the current round of rate cases; and (3) a hypothetical capital structure of 70% equity and 30% debt, which reflects a reasonable balance of capital sources for ratemaking purposes. These three amply-supported propositions should be used to arrive at an appropriate overall rate of return on rate base of 13.2% to be applied in setting a revenue requirement and rate design in each company's next rate case.

To ensure the continued viability of investments in rural telecommunications infrastructure and to provide proper incentives to maintain and upgrade broadband-capable facilities in rural areas to keep rural consumers on the right side of the “digital divide,” the Independent Small LECs’ rate of return on rate base must be significantly increased. For rate cases filed between 2016 and 2019, the Commission has utilized individual rates of return for each Independent Small LEC ranging from 8.44% to 9.22%.<sup>3</sup> These target returns were unreasonably low when they were adopted, and developments since 2016 have shown they are even further out of touch with the companies’ current risk profiles.

In the nearly six years since D.16-12-035 was adopted, the telecommunications marketplace and applicable regulatory paradigms have significantly increased the risks associated with the rural telephone business and enlarged the risks of investing in rural telecommunications infrastructure. Revenue streams that were once reliable have been eviscerated by shifts in state and federal policies governing universal service funding. For instance, the Commission has recently adopted policies in the California High Cost Fund A (“CHCF-A”) rulemaking that undercut the Independent Small LECs’ ability to recover their costs of service and earn their authorized rates of return, including the imposition of “broadband

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<sup>3</sup> D.16-12-035 at 57-58 (OP 1). From 1997 through 2011, the Commission used a uniform 10% overall rate of return on rate base for ratemaking purposes in more than 25 different rate cases. *See* D.97-04-032 (Sierra); D.97-04-033 (Foresthill); D.97-04-034 (Calaveras); D.97-04-035 (Ducor); D.97-04-036 (Cal-Ore); Res. T-16003 (Kerman); Res. T-16004 (Pinnacles); Res. T-16005 (Ponderosa); Res. T-16006 (Siskiyou); Res. T-16007 (Volcano); Res. T-16587 (Kerman); Res. T-16697 (Volcano); Res. T-16720 (Evans); Res. T-16707 (Siskiyou); Res. T-16711 (Sierra); D.03-10-006 (Kerman); Res. T-16755 (Pinnacles); Res. T-16756 (Calaveras); Res. T-16764 (Ducor); Res. T-16762 (Cal-Ore); Res. T-16771 (Ponderosa); Res. T-16968 (Siskiyou); Res. T-17048 (Foresthill); Res. T-17081 (Kerman); Res. T-17082 (Sierra); Res. T-17108 (Volcano); Res. T-17132 (Ponderosa); Res. T-17133 (Cal-Ore); Res. T-17157 (Ducor); Res. T-17158 (Pinnacles); Res. T-17184 (Calaveras); D.10-11-007 (Siskiyou); D.11-12-001 (Foresthill).

imputation,” the application of arbitrary expense caps to their operations, and the categorical disallowance of rate case expense, despite requiring companies to file formal rate case applications and navigate intensive litigation-style proceedings to retain access to sufficient universal service support.<sup>4</sup> The continued viability of the CHCF-A has been under siege for more than a decade through the CHCF-A rulemaking, which remains open for the Commission to explore additional changes to the program.<sup>5</sup> At the same time, new competitive threats have emerged to reduce customers' reliance on traditional landline service, including expanded competition from the major wireless carriers, a proliferation of prepaid wireless providers, more aggressive deployment from fixed wireless networks, and increased competition from Voice over Internet Protocol (“VoIP”) providers. Regulatory changes have magnified these competitive threats by opening the Independent Small LECs’ service territories to competition from Competitive Local Exchange Carriers (“CLECs”) and making additional grant funding available that could be used by private firms or municipal entities to compete with the Independent Small LECs.<sup>6</sup>

Despite these developments, the Independent Small LECs still have Carrier of Last Resort (“COLR”) obligations, which require them to continue to maintain and upgrade their networks even if the investments are uneconomical and the revenue to be derived from doing so is diminishing. In addition, federal broadband deployment requirements have magnified COLR responsibilities by extending network upgrade and maintenance responsibilities to include broadband capabilities at specified levels.<sup>7</sup> Over this same timeframe, the Independent Small

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<sup>4</sup> D.21-04-005 at 23-24 (OP 1) (in Small LEC general rate cases, “all reasonable positive retail broadband-related revenues of the Small ILEC and its Internet service provider (ISP) affiliate . . . net of all reasonable broadband-related expenses of the Small ILEC and its ISP affiliate . . . for the calendar year immediately preceding the filing of the GRC application shall be imputed in the determination of rate design and California High Cost Fund-A support.”); D.21-06-004 at 43 (OPs 6-7) (requiring non-rebuttable corporate and operating expenses in general rate cases); *Id.* at 24, 44 (OP 9).

<sup>5</sup> See R.11-11-007 (opened November 10, 2011).

<sup>6</sup> D.20-08-011 at 52-53 (OP 1).

<sup>7</sup> 47 C.F.R. § 54.408 (establishing “minimum service standards” for Eligible Telecommunications Carriers’ broadband capabilities); see *In the Matter of Connect America Fund*, WC Docket No. 10-90, *Report and Order*, et al., FCC 18-176 (rel. Dec. 13, 2018) (“*ETC Reform Order*”), at ¶ 3 (“access to 25/3 Mbps broadband service is not a luxury for urban areas”). Based on an “Notice of Inquiry” issued by the Federal Communications Commission (“FCC”) on July 15, 2022, the minimum service standards are likely to be raised to 100 Megabits per second (“Mbps”) download and 20 Mbps upload in the near future.

LECs have faced increased risks and costs from the unprecedented COVID-19 pandemic and severe wildfires, storms, and other disasters impacting their rural service territories.<sup>8</sup>

The collective effect of these factors has threatened the returns expected to be derived from investments in telecommunications infrastructure. Intrastate cost of capital metrics must increase to reasonably compensate the Independent Small LECs for the much riskier environment in which they now operate. This Application, its associated Exhibits, and the contemporaneously-served testimony provide the policy justification and the financial analysis to support an appropriate increase in the authorized rate of return to respond to the enhanced risk of the current rural telecommunications environment for the Independent Small LECs. The relief sought in this Application will help secure the ongoing vitality of the Independent Small LECs' networks that benefit the rural communities they serve.

## **II. BACKGROUND.**

### **A. The Independent Small LECs, Their Service Territories, and The Regulatory Structure In Which They Operate.**

Each of the Independent Small LECs is a small, rural telephone company serving a different rural service territory in California. The Independent Small LECs serve remote, rugged, mountainous, thick forested, and agricultural areas that are sparsely populated and extremely costly to serve.<sup>9</sup> Each of the Independent Small LECs qualifies as a "rural telephone company" under federal law and each is a "small independent telephone corporation" under state law.<sup>10</sup> Each Independent Small LEC is a COLR and each has been serving its defined local exchange service territory for approximately a century. Each company is regulated under a rate-of-return regulatory structure according to Public Utilities Code Section 275.6. Each Independent Small LEC is an Eligible Telecommunications Carrier ("ETC") under federal law, and each qualifies for receipt of federal high-cost support and for state high-cost support under the CHCF-A program. The companies depend upon reasonable results from rate cases and upon

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<sup>8</sup> See, e.g., *Elliott Opening Testimony* at 6:22-8:5; *Griffin Opening Testimony* at 7:23-8:18; *Lundgren Opening Testimony* at 5:14-7:22.

<sup>9</sup> See, e.g., *Barcus Opening Testimony* at 8:12-24, 8:27-9:6; *Elliott Opening Testimony* at 4:4-12, 6:22-7:9; *Griffin Opening Testimony* at 4:3-15, 6:20-8:18; *Lundgren Opening Testimony* at 3:12-18, 5:9-7:22; *Votaw Opening Testimony* at 6:3-7:18.

<sup>10</sup> See 47 U.S.C. § 153(44) (defining "Rural Telephone Company"); Pub. Util. Code § 275.6(a)(6) (defining "small independent telephone corporation").

sufficient funding from federal and state sources to cover their costs and give them reasonable opportunities to earn their authorized rates of return.

### **B. Procedural Events Culminating In This Application.**

Since 2011, the Commission has been evaluating and modifying the rate-of-return ratemaking structure under which the Independent Small LECs operate and changing the manner and extent to which the companies can access CHCF-A support. As part of that longstanding proceeding, docketed as R.11-11-007, the Commission issued a decision modifying the grouping, order, and schedule for the Independent Small LECs' rate cases under the Commission's rate case plan.<sup>11</sup> The modified plan calls for the Independent Small LECs to submit rate cases in three "Groups," from 2021 through 2024.<sup>12</sup> Group A includes Sierra, Siskiyou, and Volcano, each of which has a test year of 2023. The "Group B" companies are Foresthill, Kerman, and Ponderosa, with test years of 2024. "Group C" includes Calaveras, Cal-Ore, Ducor, and Pinnacles, with a test year of 2025.<sup>13</sup>

In 2016, the Commission adopted individual costs of capital for each Independent Small LEC to be applied to their respective rate cases initiated under the first round of the rate cases for test years 2017 through 2019 under the rate case plan.<sup>14</sup> Ordering Paragraph 4 of D.16-12-035 directed that "[c]ost of capital determinations should be considered in individual general rate cases after December 2020, or alternatively, in another generic cost of capital proceeding preceding those general rate cases."<sup>15</sup>

Cal Advocates protested the "Group A" rate cases, in part based on its view that the applications should encompass an examination of "cost of capital."<sup>16</sup> A meet and confer process ensued between Cal Advocates, the Group A companies, and the rest of the Independent Small LECs, resulting in agreement amongst the parties that a joint cost of capital application would be filed no later than September 1, 2022, with a new cost of capital to be implemented prospectively for the Group A companies and in the test years of the Group B and Group C companies. The stipulated timing and implementation mechanics agreed upon between Cal Advocates and the

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<sup>11</sup> See D.15-06-048, Appendix A; *as modified by* D.20-08-011 at 54-55 (OPs 5, 8), App. C.

<sup>12</sup> D.20-08-011 at 54-55 (OPs 5, 8), App. C.

<sup>13</sup> *Id.*

<sup>14</sup> See D.16-12-035 at 57-58 (OP 1); *see also* D.15-06-048, Appendix A; *as modified by* D.20-08-011 at 54-55 (OPs 5, 8), App. C.

<sup>15</sup> D.16-12-035 at 59.

<sup>16</sup> See, e.g., A.22-11-005 (Sierra), *Cal Advocates Protest* at 7-8.

Independent Small LECs are reflected in the letter attached hereto as Exhibit A. In the Scoping Rulings for the Group A companies, the Commission endorsed the Independent Small LECs' unopposed proposal to initiate a "consolidated cost of capital proceeding" to comprehensively examine cost of capital for the companies and apply the results of the examination in the rate cases identified in the rate case plan.<sup>17</sup> Consistent with these Scoping Rulings, on April 1, 2022, the Group A companies filed a Notice of Intent letter confirming their intention to file a cost of capital application by September 1, 2022. The Group A companies' Notices of Intent are attached hereto as Exhibit B. This Application fulfills the commitments reflected in these notices.

### **C. The Changing Telecommunications Marketplace.**

The market for telecommunications and related services is evolving rapidly and has experienced material changes since 2016, when the individual rates of return for the Independent Small LECs were last adopted. Intermodal competition from wireless and VoIP providers has increasingly permeated the market, and, even in rural areas where wireless coverage is limited, customers are relying to a much greater extent on wireless alternatives to traditional wireline voice services.<sup>18</sup> The expansion of the LifeLine program to wireless carriers in 2014 spawned a wide variety of niche, prepaid wireless providers, which offer free phones to attract large proportions of the Independent Small LECs' low-income customers.<sup>19</sup> In addition, the COVID-19 pandemic has accelerated the growth of Over-the-Top ("OTT") applications for voice or video calls, which can be offered over a broadband connection.<sup>20</sup> These services are not necessarily as reliable as traditional voice telephone services, especially in the Independent Small LECs' rural areas, but consumers are nevertheless increasingly reducing their consumption

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<sup>17</sup> See A.21-11-005, *Scoping Ruling* at 4-5, 11; A.21-11-006, *Scoping Ruling* at 4-5, 11; A.21-11-007, *Scoping Ruling* at 4-5, 11.

<sup>18</sup> See, e.g., *Wireless Substitution: Early Release of Estimates From the National Health Interview Survey, January-June 2021*, National Center for Health Statistics, Division of Health Interview Statistics" (Released Nov. 2021), available at <https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless202111.pdf>; *In the Matter of Communications Marketplace Report*, GN Docket No. 20-60, 2020 *Communications Marketplace Report*, FCC 20-188 (rel. Dec. 31, 2020), at ¶¶7, 9, 53-54, Appx. B-1; see also *Barcus Opening Testimony* at 9:23-10:23; *Duval Opening Testimony* at 12:7-13:16, 28:5-29:5, 37:20-38:10; *Elliott Opening Testimony* at 9; *Griffin Opening Testimony* at 10:5-12:23; *Votaw Opening Testimony* at 8:6-14; *Wagner Opening Testimony* at 9:21-11:9.

<sup>19</sup> See D.14-01-036 at 171 (OP 4) (expanding LifeLine program to wireless providers); *Barcus Opening Testimony* at 9:26-10:12; *Griffin Opening Testimony* at 11:21-12:5.

<sup>20</sup> *Duval Opening Testimony* at 13:9-16.

of circuit-switched voice services in favor of IP-based and wireless alternatives.<sup>21</sup> Although revenues from traditional wireline voice services have declined, the Independent Small LECs remain subject to COLR obligations. As ETCs, they are also subject to federal mandates that they engineer their networks to achieve prescribed “minimum service standards” at evolving levels of broadband speed capability established by the FCC. The current minimum broadband capability standard is 25 Mbps download and 3 Mbps upload,<sup>22</sup> but there are strong indications that this will be increased to 100 Mbps download and 20 upload or even higher in the near future.<sup>23</sup> Consequently, regardless of the revenue to be derived from their voice services, they must continue to incur the cost of maintaining and upgrading their networks so that they can be available to fulfill all reasonable requests for service over a safe, reliable, and broadband-capable platform.

#### **D. Threats to Rural Telephone Company Revenue Streams.**

The regulatory environment has evolved significantly since 2016, when the Commission issued the most recent cost of capital decision governing the Independent Small LECs’ current rates of return.<sup>24</sup> These regulatory developments continue to jeopardize revenue streams upon which rural ILECs have previously depended. In the CHCF-A Phase 2 rulemaking, the Commission issued a decision that confirmed the corporate expense cap, but removed the rebuttable presumption, making the cap “non-rebuttable.”<sup>25</sup> In addition, the Commission adopted another FCC “operating expense limitation,” as a non-rebuttable restriction on overall intrastate operating expenses.<sup>26</sup> Through these rigid expense limitations, the Commission also foreclosed separate recovery of rate case expense, which means the Independent Small LECs must now adjudicate their rate cases without any support from their rate structure.<sup>27</sup> The

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<sup>21</sup> See, e.g., *Barcus Opening Testimony* at 9:26-10:12, 10:19-23; *Duval Opening Testimony* at 12:7-18; *Griffin Opening Testimony* at 11:21-12:4; *Wagner Opening Testimony* at 9:21-11:9.

<sup>22</sup> 47 C.F.R. § 54.308; *ETC Reform Order* at ¶¶ 23, 29, 104.

<sup>23</sup> On July 15, 2022, FCC Chairwoman Rosenworcel issued a draft Notice of Inquiry indicating an imminent increase in the “minimum service standards” to 100/20 Mbps. The notice is available here: <https://www.fcc.gov/document/chairwoman-rosenworcel-proposes-increase-minimum-broadband-speeds>. See also *Duval Opening Testimony* at 19:8-11, 51:22-52:5; *Griffin Opening Testimony* at 18:19-23; *Lundgren Opening Testimony* at 11:14-11:22.

<sup>24</sup> See D.16-12-035.

<sup>25</sup> D.21-06-004 at 43 (OP 6).

<sup>26</sup> *Id.* at 43 (OP 7).

<sup>27</sup> *Id.* at 24 (“we clarify that rate case litigation expense is subject to the corporate expense cap and must be recorded in FCC Account 6720”). The Commission’s treatment of rate case expense is at odds with



Commission has also refused to reinstitute the advice letter mechanism for processing rate cases, which has locked the Independent Small LECs into expensive, formal, contentious proceedings that are critical to their survival, but for which they cannot recover the resulting regulatory expenses.<sup>28</sup>

In the CHCF-A Phase 2 rulemaking, the Commission also issued a decision in 2021 mandating the imputation of Internet access revenues as a reduction to CHCF-A support. The imputation mechanism encompasses “all reasonable positive retail broadband-related revenues” of the small independent telephone corporation’s ISP affiliate “for the calendar year immediately preceding the filing of the GRC application.”<sup>29</sup> The imputed broadband revenues shall not include “revenues derived from areas outside of the Small ILEC’s telephone service territory and revenues resulting from alternative service platforms that are not based upon the Small ILEC’s local exchange facilities.”<sup>30</sup> Based on 2021 financial information, the recent changes in the Phase 2 CHCF-A rulemaking are likely to result in regulated revenues that are approximately \$6.5 million lower than necessary to meet the companies’ collective revenue requirements.<sup>31</sup> These systemic revenue shortfalls in the Independent Small LECs’ rate design undermine the

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constitutional requirements, as articulated by the United States Supreme Court. As the Supreme Court has found, in a “proceeding by a commission to determine [the] reasonableness” of regulated utility rates, “the utility should be allowed the fair and proper expenses for presenting its side to the commission.” *Driscoll v. Edison Light & Power Co.*, 307 U.S. 104, 120-121 (1939); *see also West Ohio Gas Co. v. Public Utilities Comm’n of Ohio*, 294 U.S. 63, 73-74 (1935) (invalidating utility rate structure that did not provide recovery for rate case expense).

<sup>28</sup> The Commission has resisted the Independent Small LECs’ efforts to obtain reasonable rate case reform, both before the Commission and the Legislature. *See* D.18-10-033 at 12 (OP 1) (rejecting petition to modify rate case plan to permit advice letter submissions); D.20-08-023 at 11-12 (clarifying on rehearing that informal advice letter rate case procedures should be examined in the CHCF-A rulemaking); R.11-11-007, *May 12, 2021 Ruling* (authorizing limited comments provided on the streamlining of the rate case process in June 2020, with no action since that time). The Independent Small LECs sponsored several bills to reduce the burdens of the current process, but none was signed into law, in large part due to formal or informal opposition from the Commission. *See* AB 1693 (2014 Perea) (vetoed), SB 1122 (2016 Cannella) (defeated in committee), SB 603 (Borgeas 2019) (defeated in committee), AB 2189 (Arambula 2020) (defeated in committee), AB 1257 (Patterson 2021) (defeated in committee).

<sup>29</sup> D.21-04-005 at 23-24 (OP 1), D.21-08-042 (affirming imputation mandate on rehearing). On January 7, 2022, the Court of Appeal for the Fifth Appellate District issued a writ of review of Commission Decisions D.21-04-005 and D.21-08-042. On August 8, 2022, the Court of Appeal granted Petitioners’ request for calendar preference and stated that the case would be set for oral argument on the next available calendar, but as of today’s date, no date has been set.

<sup>30</sup> *Id.*

<sup>31</sup> *See Duval Opening Testimony*, Exhibit CD-2; Exhibit VII.1 to *Zmijewski Opening Testimony*.

companies' abilities to reasonably achieve their authorized rates of return, generating significant additional risks.

The Commission issued a decision in Phase 2 opening the service territories of the Independent Small LECs to wireline competition from CLECs, which the decision itself recognizes "may have significant financial and other impacts on the Small LECs."<sup>32</sup> Despite these anticipated impacts, the decision declined to make any changes to the CHCF-A rules to provide the Small LECs with greater flexibility and freedom to adopt rate changes in response to this new competitive threat.<sup>33</sup> As a result of anticipated CLEC competition, which will likely target the higher-income areas of the Independent Small LECs' service territories, the Independent Small LECs anticipate they will experience an additional decline in revenues.<sup>34</sup>

In addition to the financial impacts from the CHCF-A proceeding, other recent Commission decisions and proceedings will impose significant costs on the Independent Small LECs for which they have no cost recovery.<sup>35</sup> For example, the Commission recently issued a decision requiring all carriers to annually report detailed resiliency and emergency operations plans that meet specified requirements, including 72-hours of backup power at all facilities located in Tier 2 and Tier 3 High Fire Threat Districts.<sup>36</sup> The Commission also recently initiated a new service quality rulemaking that proposes to dramatically expand and modify the Commission's service quality enforcement and penalty framework under General Order ("G.O.") 133-D, including recommendations for harsher service quality standards and significantly increased penalties for failing to meet such standards.<sup>37</sup> Again, these additional requirements and potential penalties impose significant ongoing costs and burdens on the Independent Small LECs without reasonable prospects of cost recovery, significantly enhancing their risk profiles.

The FCC is also likely to continue modifying its high-cost support mechanisms and access charge regime to restrict the Independent Small LECs' revenue sources. A further limitation or phase-out of Connect America Fund-Intercarrier Compensation ("CAF-ICC")

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<sup>32</sup> D.20-08-011 at 3.

<sup>33</sup> *Id.* at 36-38.

<sup>34</sup> *See, e.g., Duval Opening Testimony* at 13:24-14:15, 29:21-30:22; *Wagner Opening Testimony* at 13:15-14:12.

<sup>35</sup> D.21-06-004 at 43 (OPs 6-7) (imposing strict corporate and operating expense caps that are "non-rebuttable").

<sup>36</sup> D.21-02-029 at 101-104 (OPs 1, 4, 5).

<sup>37</sup> R.22-03-016 at 7, 16-17.

revenue is also a significant risk.<sup>38</sup> The FCC has also built upon its phase-down of access charges by establishing a transition to bill and keep rates for originating switched access associated with toll free dialing; this transition will be complete in 2023, with no additional recovery for the reductions in intrastate revenues.<sup>39</sup> In addition, the FCC’s Budget Control Mechanism (“BCM”) is likely to continue to increase in the near future, further reducing federal High Cost Support.<sup>40</sup> As Mr. Duval explains, these FCC proposals produce measurable regulatory risks for the Independent Small LECs’ federal support when combined with other foreseeable Commission regulatory risks, such as the possible elimination of the “regulatory changes of industrywide effect” mechanism, which permits upward adjustments to CHCF-A to account for decreased federal support.<sup>41</sup>

The FCC has also radically reduced voice support amounts for Lifeline customers beginning in December 1, 2019.<sup>42</sup> This support was scheduled to be eliminated altogether effective December 1, 2021; however, in November 2021, the FCC found good cause to pause the phase-out in support for voice-only services for one year, until December 1, 2022, in large part based on the economic effects of the COVID-19 pandemic.<sup>43</sup> On July 1, 2022, the FCC extended this pause for one more year through December 1, 2023 “to consider additional implications related to the newly established Affordable Connectivity Program and the Commission’s forthcoming Report on the Future of the Universal Service Fund.”<sup>44</sup> It remains likely that this temporary stay will be lifted in 2024 or soon thereafter, and there is no current commitment from the Commission to make up the reduction in federal support through state

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<sup>38</sup> See *Duval Opening Testimony* at 54:11-55:3.

<sup>39</sup> *In the Matter of 8YY Access Charge Reform*, WC Docket No. 18-156, *Report and Order*, FCC 20-143 (rel. Oct. 9, 2020) at ¶ 31.

<sup>40</sup> *Duval Opening Testimony* at 55:17-19.

<sup>41</sup> *Duval Opening Testimony* at 55.

<sup>42</sup> *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197, *Connect America Fund*, WC Docket No. 10-90, *Third Report and Order*, *Further Report and Order*, and *Order on Reconsideration*, FCC 16-38 at ¶ 64 (rel. April 27, 2016).

<sup>43</sup> *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197, *Connect America Fund*, WC Docket No. 10-90, *Order*, DA 21-1389 at ¶ 1 (rel. Nov. 5, 2021).

<sup>44</sup> *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197, *Connect America Fund*, WC Docket No. 10-90, *Order*, DA 22-706 at ¶ 1 (rel. July 1, 2022).

sources.<sup>45</sup> Many Independent Small LECs have high percentages of Lifeline customers in their service territories, so the elimination of this crucial federal support for voice services will likely cause significant rate increases for low-income customers, further accelerating losses of customers and associated revenue reductions.<sup>46</sup>

Despite the reduced availability of state and federal funding sources for rural telecommunications networks, the Small LECs need to continue to advance their networks to meet evolving state and federal standards and customer needs. Based on the historical trends in the FCC's minimum broadband requirements, and the recent draft "Notice of Inquiry" from the FCC, the current FCC's 25/3 Mbps standard will likely be increased to 100/20 Mbps in the very near future.<sup>47</sup> Governor Newsom has directed California state agencies "to pursue a minimum broadband speed goal of 100 Mbps download speed to guide infrastructure investments and program implementation to benefit all Californians."<sup>48</sup> The California Legislature has also recently pronounced a new standard of 100 Mbps download and 20 Mbps upload for certain broadband infrastructure grants.<sup>49</sup> Based on these trends, the companies need to pursue significant additional and costly investments to expand Fiber to the Premises ("FTTP") deployment and meet the State's minimum broadband speed goal of 100 Mbps download and anticipated increased federal requirements to maintain their eligibility for federal funding.<sup>50</sup>

As reflected in Mr. Duval's testimony and the testimony of several Independent Small LEC company witnesses provided with this Application, there are likely to be continued federal and state regulatory changes in the near future that further increase the companies' regulatory costs, create additional disparities between them and their competitors, and effectuate failures of cost recovery. Mr. Duval describes these risks in detail and analyzes their probabilities and financial impacts; the collective impact of these risks necessitates increases to the companies'

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<sup>45</sup> *Duval Opening Testimony* at 60:23-61:16.

<sup>46</sup> *Id.*

<sup>47</sup> *July 15, 2015 FCC Notice of Inquiry* at 1 ("[t]he Notice of Inquiry proposes to increase the national broadband standard to 100 megabits per second for download and 20 megabits per second for upload, and discusses a range of evidence supporting this standard, including the requirements for new networks funded by the Infrastructure Investment and Jobs Act.").

<sup>48</sup> *See Executive Order N-73-20* at 2.

<sup>49</sup> SB 156 (2021) § 7.

<sup>50</sup> *See, e.g.*, 47 C.F.R. § 54.308; *ETC Reform Order* at ¶¶ 23, 29, 104; *Duval Opening Testimony* at 8:26-9:5, 25:2-5, 51:22-52:5; *Elliott Opening Testimony* at 13:4-8; *Lundgren Opening Testimony* at 1:22-2:2, 11:24-27; *Wagner Opening Testimony* at 5:8-12, 20:3-5.

cost of capital to ensure continued vital investments.<sup>51</sup> Some of the most impactful and foreseeable regulatory risks are as follows:

- The indisputable risks resulting from the recent CHCF-A Phase 2 ratemaking reforms described above, including the non-rebuttable corporate expense and operating expense caps, preclusion of recovery of critical rate case expense for mandatory rate case proceedings, and broadband imputation.<sup>52</sup>
- Anticipated further Commission constrictions on CHCF-A support and CHCF-A ratemaking reforms, including potential limitation of recovery of plant investments while requiring FTTP investments to meet imminent state and federal increased speed standards, and mandatory low-income broadband.<sup>53</sup>
- Anticipated further constrictions on federal universal service support as described above, including the elimination or substantial change in federal CAF ICC support with no corresponding increase in CHCF-A and further increases to the FCC's Budget Control Mechanism at a rapid pace and the Commission's elimination of the "regulatory changes of industrywide effect" provision from the CHCF-A annual advice letter process.<sup>54</sup>

As Mr. Zmijewski explains, the existence of these forward-looking risks and the impacts of the risks that are being implemented in the current rate case cycle create measurable regulatory risks that must be incorporated into the metrics for developing a legitimate cost of equity for the companies.<sup>55</sup>

The continued threats to universal service support and high-cost funding for rural telecommunications networks, the increased regulatory risks created by recent Commission decisions, and the concomitant increase in network requirements and investment demand present material threats to the Independent Small LECs' financial integrity and affect the risks that must be considered by their investors when they evaluate investments in telephone company infrastructure. These risks compel a higher return on the investments that companies must continue to make.

### **III. SUMMARY OF PROPOSED RELIEF.**

The Independent Small LECs request that the Commission adopt a ratemaking formula in this proceeding that will be utilized in the upcoming and pending rate cases for Groups A, B, and

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<sup>51</sup> *Duval Opening Testimony* at 46-68, Exhibit CD-2.

<sup>52</sup> *Id.* at 49-51; *see also* Exhibit VII.1 to *Zmijewski Opening Testimony*.

<sup>53</sup> *Id.* at 51-52; *see also* Exhibit VII.1 to *Zmijewski Opening Testimony*.

<sup>54</sup> *Id.* at 55; *see also* Exhibit VII.1 to *Zmijewski Opening Testimony*.

<sup>55</sup> *Zmijewski Opening Testimony* at 59-65.

C companies under the Commission's rate case plan in D.15-06-048, as modified by D.20-08-011. The Commission should adopt an overall cost of capital of 13.2% for each of the Independent Small LECs, which is based on a cost of equity of 16.7%, a debt cost of capital of 5.1%, and a hypothetical capital structure of 70% equity and 30% debt.<sup>56</sup>

For the Group B and C companies, whose test years are 2024 and 2025, respectively, the requested changes to cost of capital should be incorporated into the ratemaking metrics in the rate cases and implemented on the first day of each company's test year. In the ongoing rate cases in A.21-11-005 (Sierra), A.21-11-006 (Volcano), and A.21-11-007 (Siskiyou), final decisions are anticipated to be issued in December 2022 or early January 2023. The results of these rate case decisions will be applied in 2023, but those results should be updated prospectively to reflect the results of this proceeding through a Tier 2 advice letter to adjust each of the Group A companies' revenue requirements and CHCF-A calculations in accordance with the rate of return or rate of return methodology adopted here. The implementation advice letter should be submitted within 30 days of a final decision in this proceeding, and it should only change revenue requirements and CHCF-A draws going forward, in accordance with the terms agreed upon with Cal Advocates. *See Exhibit A.*

#### **IV. TESTIMONY SUPPORTING PROPOSED RELIEF.**

In support of this Application, the Independent Small LECs have presented the testimony of financial and regulatory experts as well as company witness testimony that details the relevant risk factors impacting the Independent Small LECs' cost of equity. This testimony is being served on representatives of Cal Advocates and the Director of Communications Division, contemporaneously with this Application, and it supports the relief proposed herein.

Mr. Mark Zmijewski, a highly-credentialed and experienced financial analyst who has extensive background in business valuation and assessing market risk factors, conducts a thorough and rigorous quantitative and qualitative analysis of cost of equity based on the full range of risk factors affecting small, rural telephone companies. Mr. Zmijewski reviews relevant fiscal, economic, industry, and regulatory trends to canvas the risks facing rural telephone companies such as the Independent Small LECs. He utilizes an established valuation model and confirms his results by looking at transactional data. Ultimately, Mr. Zmijewski recommends a cost of equity of 16.7%, a cost of debt of 5.1% and a hypothetical capital structure of 70% equity

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<sup>56</sup> *Zmijewski Opening Testimony* at 10, 68-70.

and 30% debt. Mr. Zmijewski offers extensive support for his conclusions and his views are backed by his long history in conducting business valuations and analyzing risk factors and rates of return, as well as teaching classes regarding valuation issues at the University of Chicago Booth School of Business. Mr. Zmijewski's conclusions strongly support the relief requested.

Mr. Chad Duval, a regulatory and telecommunications policy expert with deep knowledge of federal and state rules governing rural telephone companies, provides an overview of current and foreseeable regulatory risks facing the Independent Small LECs. Mr. Duval describes how recent policy changes have impacted companies' risk profiles and summarizes the known and reasonably foreseeable revenue impacts of recent rule changes. He also identifies significant forward-looking regulatory risks that enhance risk for the Independent Small LECs. Mr. Duval identifies the probability of each policy change occurring and summarizes the financial impact on the Independent Small LECs attributable to each specific regulatory risk.

In addition, the Independent Small LECs are serving pre-filed testimony contemporaneously with this Application from the following witnesses addressing the size, rural characteristics (such as remote locations, wildfires and severe storms), regulatory, political, competitive, and liquidity risk factors of these small, rural companies, and the impact of cost of capital on their ability to raise future capital and to adequately compensate equity holders. The testimony addressing each company's circumstances is as follows:

**Calaveras, Cal-Ore, Pinnacles:** In addition to addressing regulatory risks for all of the Independent Small LECs, Mr. Duval provides specific company testimony for Calaveras, Cal-Ore and Pinnacles.

**Ducor:** Mr. Eric N. Votaw, Chief Executive Officer;

**Kerman/Foresthill:** Mr. William Barcus, President;

**Ponderosa:** Mr. Matthew Wagner, Member of Board of Directors;

**Sierra:** Mr. Robert Griffin, Vice President and General Manager;

**Siskiyou:** Mr. Russell G. Elliott, President; and

**Volcano:** Mr. John Lundgren, Vice President - Director of Network Services.

**V. ADDITIONAL INFORMATION REGARDING APPLICANTS, PROPOSED RELIEF, AND PROCEDURAL FORMALITIES ASSOCIATED WITH APPLICATION.**

**A. Authority and Description of Action Requested (Rule 2.1).**

This consolidated cost of capital Application is submitted based on authorization in the most recent cost of capital decision and the Assigned Commissioner's Scoping Rulings in the pending Group A rate cases.<sup>57</sup> By this Application, the Independent Small LECs request that the Commission utilize a cost of equity of 16.7%, a forward-looking cost of debt of 5.1%, and a hypothetical capital structure of 70% equity and 30% debt to compute overall cost of capital calculations in the Group A, Group B, and Group C rate cases. For the Group A companies, a Tier 2 advice letter should be used to update their cost of capital to reflect the results of this proceeding to be submitted within 30 days of the date of the final decision in this proceeding, modifying revenue requirements and CHCF-A draws on a prospective basis; the Group A companies' current cost of capital figures would continue to apply until that time. For the Group B and Group C companies, the results of this application will be implemented in the companies' respective test years.

**B. Name and Principal Place Of Business for Each Applicant (Rule 2.1(a)).**

Calaveras Telephone Company (U 1004 C) is an incumbent local exchange carrier serving portions of Calaveras County. The address of its principal place of business is P.O. Box 37, Copperopolis, CA 95228 and its telephone number is (209) 785-2211.

Cal-Ore Telephone Co. (U 1006 C) is an incumbent local exchange carrier serving portions of Siskiyou and Modoc Counties. The address of its principal place of business is P.O. Box 847, Dorris, CA 96023-0847 and its telephone number is (530) 397-2211.

Ducor Telephone Company (U 1007 C) is an incumbent local exchange carrier serving portions of Kern, Tulare and Tehama Counties. Its address of its principal place of business is P.O. Box 700, Ducor, CA 93218-0700 and its telephone number is (888) 539-5234.

Foresthill Telephone Company (U 1009 C) is an incumbent local exchange carrier serving portions of Placer County. The address of its principal place of business is 5915 Gold

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<sup>57</sup> See D.16-12-035 at 59 (OP 4); A.21-11-005, *Scoping Ruling* at 4-5; A.21-11-006, *Scoping Ruling* at 4-5; A.21-11-007, *Scoping Ruling* at 4-5.



Street, Foresthill, CA 95631. Foresthill Telephone Company's telephone number is (530) 367-2222.

Kerman Telephone Co. (U 1012 C) is an incumbent local exchange carrier serving portions of Fresno County. The address of its principal place of business is 811 South Madera Avenue, Kerman, CA 93630 and its telephone number is (559) 846-9311.

Pinnacles Telephone Co. (U 1013 C) is an incumbent local exchange carrier serving portions of San Benito County. The address of its principal place of business is 340 Live Oak Road, Paicines, CA 954043 and its telephone number is (831) 389-4500.

The Ponderosa Telephone Co. (U 1014 C) is an incumbent local exchange carrier serving portions of Madera, Fresno and San Bernardino Counties. The address of its principal place of business is P.O. Box 21, O'Neals, CA 93645-0021 and its telephone number is (559) 868-3312.

Sierra Telephone Company, Inc. (U 1016 C) is an incumbent local exchange carrier serving portions of Madera and Mariposa Counties. The address of its principal place of business is P.O. Box 219, Oakhurst, CA 93644-0219 and its telephone number is (559) 683-4611.

The Siskiyou Telephone Company (U 1017 C) is an incumbent local exchange carrier serving portions of Siskiyou and Humboldt Counties. The address of its principal place of business is P.O. Box 157, Etna, CA 96027-0157 and its telephone number is (530) 467-6000.

Volcano Telephone Company (U 1019 C) is an incumbent local exchange carrier serving portions of Alpine, Amador, Calaveras and El Dorado Counties. The address of its principal place of business is P.O. Box 1070, Pine Grove, CA 95665-1070 and its telephone number is (209) 296-7502.

**C. Correspondence and Communications (Rule 2.1(b)).**

All pleadings, correspondence, and other communications concerning this application should be sent to the attorneys for the Independent Small LECs, as follows:

Sarah J. Banola  
Patrick M. Rosvall  
Sean P. Beatty  
BRB LAW LLP  
436 14<sup>th</sup> Street, Suite 1205  
Oakland, CA 94612  
Phone: (415) 518-4813  
Email: [patrick@brblawgroup.com](mailto:patrick@brblawgroup.com)

Ms. Banola ([sarah@brblawgroup.com](mailto:sarah@brblawgroup.com)) and Mr. Beatty ([sean@brblawgroup.com](mailto:sean@brblawgroup.com)) ask the ALJ Process Office to add them to this proceeding's service list under information only, email only.

**D. Proposed Category for the Proceeding (Rule 2.1(c)).**

Applicants request that this Application be categorized as a ratesetting proceeding. Although this proceeding will not in itself result in the establishment of new rates or a new revenue requirement or rate design for any company, it clearly meets the criteria for designation as a ratesetting proceeding under applicable Commission rules. As set forth in Rule 1.3(e), this proceeding is a proceeding that “establishes a mechanism that in turn sets the rates for a specifically named utility (or utilities).” Rule 1.3(e). This proceeding will develop a cost of capital that will be utilized in setting rates, so this proceeding must be categorized as ratesetting.

**E. Articles of Incorporation (Rule 2.2).**

Each of the Applicants is a corporation organized under the laws of the State of California. Certified copies of the Articles of Incorporation and amendments for each of the Independent Small LECs were previously submitted with Application 15-09-005 (filed September 1, 2015) and they remain in the Commission's files in connection with that proceeding. In accordance with Rule 2.2, specific reference is made to this prior filing.

**F. Financial Statements and Capital Structure Information.**

Attached as Exhibit C are the most recent, unaudited financial statements of each of the Independent Small LECs. Consistent with the Commission's requirements, these consist of a balance sheet as of the latest available date, together with an income statement covering the period from the close of 2021, the last year for which an annual report has been filed with the Commission, to the date of the balance sheet attached to the Application.<sup>58</sup> Also attached is a schedule showing the debt, equity, cost of debt, cost of equity, and capital structure for each of the Applicants for the most recent five calendar year period, from 2017 to 2021. This information is attached as Exhibit D.

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<sup>58</sup> The Independent Small LECs do not believe that financial statements are a required part of this Application, as there is no rule requiring that a “financial statement” be attached to the Application, in keeping with the standard in Rule 2.3. Nevertheless, the financial statements are provided herewith in Exhibit C.

**G. Issues to be Considered and Proposed Schedule (Rule 2.1(c)).**

The issue in this proceeding is what the reasonable, lawful, and appropriate cost of capital should be for each of the Independent Small LECs. The Independent Small LECs anticipate that evidentiary hearings will be required and propose the following schedule, which should afford reasonable time for the Commission's consideration of the proposal, while ensuring that a new cost of capital is established in a timely manner.

September 1, 2022	Application Filed
September 8, 2022	Application Appears in CPUC Daily Calendar
October 10, 2022	Protests and Responses Due (30 days after Daily Calendar)
October 20, 2022	Reply to Protests
November 3, 2022	Pre-Hearing Conference
December 1, 2022	Intervenor Proposals and Testimony
January 13, 2022	Rebuttal Testimony by Applicants
February 13, 2023	Evidentiary Hearings
March 13, 2023	Opening Briefs
April 3, 2023	Reply Briefs
June 2023	Proposed Decision
July 2023	Commission Decision Adopted

**H. California Environmental Quality Act ("CEQA") Compliance (Rule 2.4).**

This proceeding can be seen with certainty to have no significant adverse effect on the environment, as it affects only ratemaking issues; no authority for construction of any kind is requested by this Application. *See* 14 California Code of Regulations Section 15061(b)(3) (providing for CEQA exemption where it can be seen with certainty that no harm to the environment will come from the relief requested in the Application). Therefore, this Application is categorically exempt from review under CEQA.

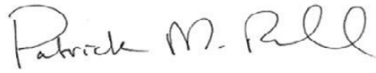
**VI. CONCLUSION.**

Based on the foregoing, the Independent Small LECs request that the Commission issue a decision: (1) establishing the cost of capital recommended herein; (2) directing the use of the cost of capital adopted in this proceeding in each of the Group A, B, and C rate cases authorized by D.15-06-048, as modified by D.20-08-011; (3) establishing a Tier 2 advice letter process to update the results of the Group A rate case decisions to include the new cost of capital

recommended herein on a prospective basis; (4) clarifying that as to future rate cases beyond the timetables in D.20-08-011, cost of capital may be evaluated in another consolidated cost of capital proceeding, at the companies' discretion; and (5) for such other relief as may be necessary and proper.

Respectfully submitted this 1<sup>st</sup> of September, 2022.

Sarah J. Banola  
Patrick M. Rosvall  
Sean P. Beatty  
BRB LAW LLP  
436 14th Street, Suite 1205  
Oakland, CA 94612  
Phone: (415) 518-4813  
Email: patrick@brblawgroup.com

By:   
\_\_\_\_\_

Attorneys for the Independent Small LECs

**Exhibits to this Application**

Exhibit A: Independent Small LECs' February 2, 2022 Letter to Communications Division

Exhibit B: Group A Companies' Notices of Intent

Exhibit C: Unaudited Financial Statements

Exhibit D: 2017-2021 Capital Structures

### VERIFICATION

I, Patrick M. Rosvall, hereby declare:

I am one of the attorneys for Calaveras Telephone Company (U 1004 C), Cal-Ore Telephone Co. (U 1006 C), Ducor Telephone Company (U 1007 C), Foresthill Telephone Company (U 1009 C), Kerman Telephone Co. (U 1012 C), Pinnacles Telephone Co. (U 1013 C), The Ponderosa Telephone Co. (U 1014 C), Sierra Telephone Company, Inc. (U 1016 C), The Siskiyou Telephone Company (U 1017 C), and Volcano Telephone Company (U 1019 C) (the "Applicants"); the officers of the Applicants are absent from the city and county where I maintain my office; as such attorney, I am authorized to make this verification for them and on their behalf. I have read the foregoing Application and know the contents thereof and the same is true of my own knowledge except as to matters therein stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Oakland, California, this 1<sup>st</sup> day, of September, 2022

  
Patrick M. Rosvall

# Exhibit A



P.O. Box 70527, Oakland, CA 94612 | (415) 518-4813 | [patrick@brblawgroup.com](mailto:patrick@brblawgroup.com)

February 2, 2022

**Via Electronic Mail ([robert.osborn@cpuc.ca.gov](mailto:robert.osborn@cpuc.ca.gov))**

Director Robert Osborn  
Communications Division  
California Public Utilities Commission  
505 Van Ness Avenue, 3rd Floor  
San Francisco, CA 94102

Re: **Independent Small LECs Cost of Capital Application**

Dear Director Osborn:

I am writing on behalf of the Independent Small LEC group<sup>1</sup> to offer an efficient solution for addressing “cost of capital” calculations for the carriers subject to the 2015 rate case plan.<sup>2</sup> This letter has been prompted by developments in the “Group A” rate cases for Sierra, Siskiyou, and Volcano, where the Administrative Law Judge (“ALJ”) has preliminarily concluded that “parties shall be prepared to address cost of capital.”<sup>3</sup> This conclusion was a surprise to the Independent Small LECs because none of the Group A companies had proposed to change their “cost of capital” percentages,<sup>4</sup> and both the Independent Small LECs and the Public Advocates Office (“Cal Advocates”) have expressed a preference for addressing “cost of capital” on a consolidated basis through a separate application.<sup>5</sup> Since the initial ALJ rulings, Pre-Hearing Conferences (“PHC”) took place in the Group A rate cases, in which the companies expressed their willingness to submit a standalone application to efficiently address this issue, thereby avoiding the additional complexity, burden, and potential disparities that would be involved in adjudicating this issue in 10 separate general rate cases.<sup>6</sup> Based on these developments, the Independent Small LECs hereby confirm their intention to submit a joint application on behalf of all 10 companies to address the “cost of capital” issue on a consolidated basis, provided that the issue is removed from the “Group A” rate cases.

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<sup>1</sup> The Independent Small LECs are the following companies, each of which is a small, rural telephone corporation: Calaveras Telephone Company (U 1004 C), Cal-Ore Telephone Co. (U 1006 C), Ducor Telephone Company (U 1007 C), Foresthill Telephone Co. (U 1009 C), Kerman Telephone Co. (U 1012 C), Pinnacles Telephone Co. (U 1013 C), The Ponderosa Telephone Co. (U 1014 C), Sierra Telephone Company, Inc. (U 1016 C) (“Sierra”), The Siskiyou Telephone Company (U 1017 C) (“Siskiyou”), and Volcano Telephone Company (U 1019 C) (“Volcano”).

<sup>2</sup> See D.15-06-048, Appendix A (Table 1) (outlining sequencing for rate cases for “small independent telephone corporations”); D.20-08-011 at Appendix C (modifying sequence of rate cases and extending schedule by one year).

<sup>3</sup> See A.21-11-005 (Sierra), *Jan. 14, 2022 Email Ruling*, at 1; A.21-11-006 (Volcano), *Jan. 14, 2022 Email Ruling*, at 1; A.21-11-007 (Siskiyou), *Jan. 14, 2022 Email Ruling*, at 1.

<sup>4</sup> See A.21-11-005 (Sierra) at 18; A.21-11-006 (Volcano) at 17-18; A.21-11-007 (Siskiyou) at 17-18.

<sup>5</sup> See A.21-11-005 (Sierra), *Joint PHC Statement*, Attachment B at 1; A.21-11-006 (Volcano), *Joint PHC Statement*, Attachment B at 1; A.21-11-007 (Siskiyou), *Joint PHC Statement*, Attachment B at 1.

<sup>6</sup> See, e.g., A.21-11-005, PHC Transcript at 28:12-29:25.



The specifics of the Independent Small LECs proposal for the cost of capital application are as follows:

1. The application would be submitted by all 10 Independent Small LECs no later than September 1, 2022.
2. The Group B and Group C companies would implement the new cost of capital from the application proceeding on the first day of their test years in their rate cases, which are 2024 and 2025, respectively.
3. The Group A companies would implement the new cost of capital from the application proceeding through a Tier 2 advice letter. Until the new cost of capital is established, the Group A companies' revenue requirements and California High Cost Fund-A ("CHCF-A") draws would be calculated according to the existing cost of capital percentages from D.16-12-035. The new cost of capital for the Group A companies would take effect prospectively as of the effective date of the Tier 2 advice letter filed following the application proceeding, with adjustments made going forward for revenue requirement and CHCF-A as of that date.

The timing of the application on September 1, 2022 was chosen carefully in light of other regulatory deadlines, including the anticipated hearings in the Group A rate cases in August 2022 and the October 1, 2022 filing deadlines for the Group B rate cases. The implementation details enumerated above are consistent with the prospective application of cost of capital adopted in D.16-12-035, while acknowledging the fact that the Group A cases are already ongoing.<sup>7</sup> These terms reflect a reasonable compromise whereby the issue can be efficiently addressed and implemented methodically, without implicating retroactive ratemaking.

The Independent Small LECs have met and conferred with Cal Advocates regarding this approach to the cost of capital issue, and we understand that Cal Advocates supports the removal of the issue from the Group A rate cases provided that the Independent Small LECs confirm in writing their intention to submit a joint cost of capital application no later than September 1, 2022. As to the specific timing of the application, Cal Advocates "does not oppose" the September 1, 2022 date. By this letter, the Independent Small LECs have offered this written commitment to bring the application pursuant to the above terms, so the parties' positions are aligned and the Commission should follow this consensus in establishing procedural mechanisms for adjudicating and implementing cost of capital for these companies.

This letter is an efficient way to express the Independent Small LECs' views on this subject of joint interest to them. However, the Group A companies will also be submitting motions to seek appropriate adjustments to the scope and implementation mechanics of their respective rate cases. Those motions will be submitted promptly and will attach this letter as confirmation of the overall Independent Small LEC agreement to proceed as discussed herein.

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<sup>7</sup> See D.16-12-035 at 52 (implementing cost of capital prospectively).

Director Robert Osborn

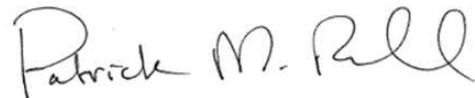
February 2, 2022

Page 3

We expect Cal Advocates to support this overall approach, consistent with discussions between counsel on the subject.

Should you have any questions about this letter or the proposal presented herein, please contact me at [patrick@brblawgroup.com](mailto:patrick@brblawgroup.com) or at 415-518-4813.

Very truly yours,

A handwritten signature in dark ink, reading "Patrick M. Rosvall". The signature is fluid and cursive, with the first name "Patrick" being more prominent than the last name "Rosvall".

Patrick M. Rosvall

PMR:dl

cc: Felix Robles, Communications Division  
Hannah Steiner, Communications Division  
Dorris Chow, Communications Division  
Penney Legakis, Communications Division  
Michelle Enchill, Counsel to Cal Advocates  
Ana Maria Johnson, Cal Advocates

# Exhibit B

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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the Matter of Application of Sierra  
Telephone Company, Inc. (U 1016 C) to  
Modify Intrastate Revenue Requirement and  
Rate Design and Adjust Selected Rates.

A.21-11-005

**NOTICE OF COMPLIANCE OF  
SIERRA TELEPHONE COMPANY, INC. (U 1016 C)**

Patrick M. Rosvall  
Sarah J. Banola  
Sean P. Beatty  
BRB Law LLP  
436 14th Street, Suite 1205  
Oakland, CA 94612  
Telephone: (415) 518-4813  
Email: [patrick@brblawgroup.com](mailto:patrick@brblawgroup.com)

Attorneys for  
Sierra Telephone Company, Inc.

April 1, 2022

1 In accordance with Ordering Paragraph 5 of the Scoping Memo and Ruling issued on  
2 March 1, 2022 in this rate case, Sierra Telephone Company, Inc. (U 1016 C) hereby demonstrates  
3 compliance with the requirement to "file a Notice of Intent letter by April 1, 2022 to confirm its  
4 intent to join other Small LECs in filing an application for a consolidated cost of capital  
5 proceeding." A.21-11-005 *Scoping Memo and Ruling* at 11 (OP 5). A copy of the Notice of Intent  
6 is attached hereto as Attachment A. As reflected in the service email provided therewith, this  
7 notice was served by email on April 1, 2022 on the Director of the Communications Division of  
8 the California Public Utilities Commission, on "CD Compliance," and on the other representatives  
9 of Communications Division and the Public Advocates Office indicated in the letter.

10 Executed on this 1<sup>st</sup> day of April 2022.

11 Patrick M. Rosvall  
12 Sarah J. Banola  
13 Sean P. Beatty  
14 BRB Law LLP  
15 436 14th Street, Suite 1205  
16 Oakland, CA 94612  
17 Phone: (415) 518-4813  
18 Email: patrick@brblawgroup.com

19 By: /s/ Patrick M. Rosvall  
20 Patrick M. Rosvall  
21 Attorneys for Sierra Telephone Company, Inc.  
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# **Attachment A**

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**From:** Darren Lee  
**Sent:** Friday, April 1, 2022 9:55 AM  
**To:** ro1@cpuc.ca.gov  
**Cc:** CDCompliance; fvr@cpuc.ca.gov; hs3@cpuc.ca.gov; dnl@cpuc.ca.gov; snr@cpuc.ca.gov; Legakis, Penney; Enchill, Michelle; Ormond, Jamie; Patrick Rosvall; Sarah Banola; Sean Beatty; Maile Kim  
**Subject:** A.21-11-005 Sierra Telephone Company, Inc. NOI to File Consolidated Cost of Capital Application  
**Attachments:** A2111005 Sierra Cost of Capital NOI.pdf

CD Director Osborn, good morning and we hope you remain well. Attached please find your PDF service copy of the *In the Matter of Application of Sierra Telephone Company, Inc. (U 1016 C) to Modify Intrastate Revenue Requirement and Rate Design and Adjust Selected Rates (A.21-11-005)* – Sierra Telephone Company, Inc. (“Sierra”) Notice of Intent to File Consolidated Cost of Capital Application. This NOI letter will be incorporated into a broader pleading that will be e-filed and served to complete Sierra’s obligation outlined in the A.21-11-005 Scoping Memo and Ruling, Ordering Paragraph 5.

Thank you for your continued attention to this matter and please direct all follow-up questions to Mr. Patrick Rosvall. Have a good weekend.

Sincerely yours,



DARREN LEE | Operations Manager  
BRB Law LLP  
C: 415.930.0542  
[darren@brblawgroup.com](mailto:darren@brblawgroup.com)  
[www.brblawgroup.com](http://www.brblawgroup.com)

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P.O. Box 70527, Oakland, CA 94612 | 415.518.4813 | [patrick@brblawgroup.com](mailto:patrick@brblawgroup.com)

April 1, 2022

**Via Electronic Mail ([robert.osborn@cpuc.ca.gov](mailto:robert.osborn@cpuc.ca.gov))**

Director Robert Osborn  
Communications Division  
California Public Utilities Commission  
505 Van Ness Avenue, 3rd Floor  
San Francisco, CA 94102

Re: ***In the Matter of Application of Sierra Telephone Company, Inc. (U 1016 C) to Modify Intrastate Revenue Requirement and Rate Design and Adjust Selected Rates (A.21-11-005) – Sierra Telephone Company, Inc. (“Sierra”) Notice of Intent to File Consolidated Cost of Capital Application***

Dear Director Osborn:

Pursuant to the directive in the March 1, 2022 Assigned Commissioner’s Scoping Memo and Ruling issued in the above-referenced proceeding and consistent with Sierra’s Motion to Defer Cost of Capital filed on February 3, 2022, Sierra hereby submits this Notice of Intent confirming its intent to file a joint application with the other Independent Small LECs<sup>1</sup> addressing cost of capital no later than September 1, 2022. A.21-11-005, *Scoping Memo and Ruling* at 4-5, 11 (OP 5).

As explained in Attachment A to Sierra’s Motion to Defer Cost of Capital, the Independent Small LECs confirm the following information regarding their upcoming cost of capital application:

1. The joint application will be submitted no later than September 1, 2022.
2. The Group B and Group C companies will implement the new cost of capital from the application proceeding in the test years for their rate cases, which are 2024 and 2025, respectively.

---

<sup>1</sup> The Independent Small LECs are the following companies, each of which is a small, rural telephone corporation subject to the Commission’s the 2015 rate case plan: Calaveras Telephone Company (U 1004 C), Cal-Ore Telephone Co. (U 1006 C), Ducor Telephone Company (U 1007 C), Foresthill Telephone Co. (U 1009 C), Kerman Telephone Co. (U 1012 C), Pinnacles Telephone Co. (U 1013 C), The Ponderosa Telephone Co. (U 1014 C), Sierra Telephone Company, Inc. (U 1016 C) (“Sierra”), The Siskiyou Telephone Company (U 1017 C) (“Siskiyou”), and Volcano Telephone Company (U 1019 C) (“Volcano”). Pursuant to the Commission’s “Rate Case Plan” for these companies, each of the Independent Small LECs will complete general rate cases over the course of the next three years. See D.15-06-048, Appendix A (Table 1) (outlining sequencing for rate cases for “small independent telephone corporations”); D.20-08-011 at Appendix C (modifying sequence of rate cases and extending schedule by one year).



3. The Group A companies, including Sierra, will implement the new cost of capital from the application proceeding through a Tier 2 advice letter, to be filed within 30 days of the effective date of the decision resolving the application. Until the new cost of capital is established, the Group A companies' revenue requirements and California High Cost Fund-A ("CHCF-A") draws will be calculated according to the existing cost of capital percentages from D.16-12-035. The new cost of capital for the Group A companies will take effect prospectively as of the effective date of the Tier 2 advice letter filed following the application proceeding, with adjustments made going forward for revenue requirement and CHCF-A as of that date.

This submission fulfills the compliance requirement set forth in the Scoping Memo and Ruling in Sierra's current rate case, which confirms that the "cost of capital" issue will be removed from Sierra's rate case following completion of this notice. A.21-11-005, *Scoping Memo and Ruling* at 4-5, 11. Should you have any questions about this letter, please contact me at [patrick@brblawgroup.com](mailto:patrick@brblawgroup.com) or at 415-518-4813.

Very truly yours,

/s/

Patrick M. Rosvall

PMR:dl

cc: CD Compliance ([cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov))  
Felix Robles, Communications Division  
Hannah Steiner, Communications Division  
Dorris Chow, Communications Division  
Sazedur Rahman, Communications Division  
Penney Legakis, Communications Division  
Michelle Enchill, Counsel to Cal Advocates  
Jamie Ormond, Counsel to Cal Advocates

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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the Matter of Application of The Siskiyou  
Telephone Company (U 1017 C) to Modify  
Intrastate Revenue Requirement and Rate  
Design and Adjust Selected Rates.

A.21-11-007

**NOTICE OF COMPLIANCE OF  
THE SISKIYOU TELEPHONE COMPANY (U 1017 C)**

Patrick M. Rosvall  
Sarah J. Banola  
Sean P. Beatty  
BRB Law LLP  
436 14th Street, Suite 1205  
Oakland, CA 94612  
Telephone: (925) 324-3483  
Email: sean@brblawgroup.com  
  
Attorneys for  
The Siskiyou Telephone Company

April 1, 2022

1 In accordance with Ordering Paragraph 4 of the Scoping Memo and Ruling issued on  
2 March 2, 2022 in this rate case, The Siskiyou Telephone Company (U 1017 C) hereby  
3 demonstrates compliance with the requirement to "file a Notice of Intent letter by April 1, 2022 to  
4 confirm its intent to join other Small LECs in filing an application for a consolidated cost of  
5 capital proceeding." A.21-11-007 *Scoping Memo and Ruling* at 11 (OP 4). A copy of the Notice  
6 of Intent is attached hereto as Attachment A. As reflected in the service email provided therewith,  
7 this notice was served by email on April 1, 2022 on the Director of the Communications Division  
8 of the California Public Utilities Commission, on "CD Compliance," and on the other  
9 representatives of Communications Division and the Public Advocates Office indicated in the  
10 letter.

11 Executed on this 1<sup>st</sup> day of April 2022.

12 Patrick M. Rosvall  
13 Sarah J. Banola  
14 Sean P. Beatty  
15 BRB Law LLP  
16 436 14th Street, Suite 1205  
17 Oakland, CA 94612  
18 Phone: (925) 324-3483  
19 Email: sean@brblawgroup.com

20 By: /s/ Sean P. Beatty  
21 Sean P. Beatty  
22 Attorneys for The Siskiyou Telephone Company  
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# **Attachment A**

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**From:** Darren Lee  
**Sent:** Friday, April 1, 2022 9:55 AM  
**To:** ro1@cpuc.ca.gov  
**Cc:** CDCompliance; fvr@cpuc.ca.gov; hs3@cpuc.ca.gov; dnl@cpuc.ca.gov; snr@cpuc.ca.gov; Legakis, Penney; Enchill, Michelle; Ormond, Jamie; Patrick Rosvall; Sarah Banola; Sean Beatty; Maile Kim  
**Subject:** A.21-11-007 The Siskiyou Telephone Company NOI to File Consolidated Cost of Capital Application  
**Attachments:** A2111007 Siskiyou Cost of Capital NOI.pdf

CD Director Osborn, good morning and we hope you remain well. Attached please find your PDF service copy of the *In the Matter of Application of The Siskiyou Telephone Company (U 1017 C) to Modify Intrastate Revenue Requirement and Rate Design and Adjust Selected Rates (A.21-11-007)* – The Siskiyou Telephone Company (“Siskiyou”) Notice of Intent to File Consolidated Cost of Capital Application. This NOI letter will be incorporated into a broader pleading that will be e-filed and served to complete Siskiyou’s obligation outlined in the A.21-11-007 Scoping Memo and Ruling, Ordering Paragraph 4.

Thank you for your continued attention to this matter and please direct all follow-up questions to Mr. Sean Beatty. Have a good weekend.

Sincerely yours,



DARREN LEE | Operations Manager  
BRB Law LLP  
C: 415.930.0542  
[darren@brblawgroup.com](mailto:darren@brblawgroup.com)  
[www.brblawgroup.com](http://www.brblawgroup.com)

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436 14<sup>th</sup> Street, Suite 1205, Oakland, CA 94612 | 925.324.3483 | [sean@brblawgroup.com](mailto:sean@brblawgroup.com)

April 1, 2022

**Via Electronic Mail ([robert.osborn@cpuc.ca.gov](mailto:robert.osborn@cpuc.ca.gov))**

Director Robert Osborn  
Communications Division  
California Public Utilities Commission  
505 Van Ness Avenue, 3rd Floor  
San Francisco, CA 94102

Re: ***In the Matter of Application of The Siskiyou Telephone Company (U 1017 C) to Modify Intrastate Revenue Requirement and Rate Design and Adjust Selected Rates (A.21-11-007) – The Siskiyou Telephone Company (“Siskiyou”) Notice of Intent to File Consolidated Cost of Capital Application***

Dear Director Osborn:

Pursuant to the directive in the March 2, 2022 Assigned Commissioner’s Scoping Memo and Ruling issued in the above-referenced proceeding in response to Siskiyou’s Motion to Defer Cost of Capital filed on February 3, 2022, Siskiyou hereby submits this Notice of Intent confirming its intent to file with the Independent Small LECs<sup>1</sup> a consolidated application addressing cost of capital no later than September 1, 2022. A.21-11-007 *Scoping Memo and Ruling* at 4-5, 11 (OP 4).

As indicated in Attachment A to Siskiyou’s Motion to Defer Cost of Capital, the Independent Small LECs confirm the following information regarding their upcoming cost of capital application:

1. The joint application would be submitted no later than September 1, 2022.
2. The Group B and Group C companies would implement the new cost of capital from the application proceeding in the test years for their rate cases, which are 2024 and 2025, respectively.

---

<sup>1</sup> The Independent Small LECs are the following companies, each of which is a small, rural telephone corporation subject to the Commission’s the 2015 rate case plan: Calaveras Telephone Company (U 1004 C), Cal-Ore Telephone Co. (U 1006 C), Ducor Telephone Company (U 1007 C), Foresthill Telephone Co. (U 1009 C), Kerman Telephone Co. (U 1012 C), Pinnacles Telephone Co. (U 1013 C), The Ponderosa Telephone Co. (U 1014 C), Sierra Telephone Company, Inc. (U 1016 C), The Siskiyou Telephone Company (U 1017 C), and Volcano Telephone Company (U 1019 C). See D.15-06-048, Appendix A (Table 1) (outlining sequencing for rate cases for “small independent telephone corporations”); D.20-08-011 at Appendix C (modifying sequence of rate cases and extending schedule by one year).

3. The Group A companies, including Siskiyou, would implement the new cost of capital from the application proceeding through a Tier 2 advice letter, to be filed within 30 days of the effective date of the decision resolving the application. Until the new cost of capital is established, the Group A companies' revenue requirements and California High Cost Fund-A ("CHCF-A") draws would be calculated according to the existing cost of capital percentages from D.16-12-035. The new cost of capital for the Group A companies would take effect prospectively as of the effective date of the Tier 2 advice letter filed following the application proceeding, with adjustments made going forward for revenue requirement and CHCF-A as of that date.

Should you have any questions about this letter or the proposal presented herein, please contact me at [sean@brblawgroup.com](mailto:sean@brblawgroup.com) or at 925.324.3483.

Very truly yours,



Sean P. Beatty

cc: Felix Robles, Communications Division  
Hannah Steiner, Communications Division  
Dorris Chow, Communications Division  
Sazedur Rahman, Communications Division  
Penney Legakis, Communications Division  
Michelle Enchill, Counsel to Cal Advocates  
Jamie Ormond, Counsel to Cal Advocates

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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

In the Matter of Application of Volcano  
Telephone Company (U 1019 C) to Modify  
Intrastate Revenue Requirement and Rate  
Design and Adjust Selected Rates.

A.21-11-006

**NOTICE OF COMPLIANCE OF  
VOLCANO TELEPHONE COMPANY (U 1019 C)**

Patrick M. Rosvall  
Sarah J. Banola  
Sean P. Beatty  
BRB Law LLP  
436 14th Street, Suite 1205  
Oakland, CA 94612  
Telephone: (973) 903-0189  
Email: [sarah@brblawgroup.com](mailto:sarah@brblawgroup.com)

Attorneys for  
Volcano Telephone Company

April 1, 2022



1 In accordance with Ordering Paragraph 4 of the Scoping Memo and Ruling issued on  
2 March 2, 2022 in this rate case, Volcano Telephone Company (U 1019 C) hereby demonstrates  
3 compliance with the requirement to "file a Notice of Intent letter by April 1, 2022 to confirm its  
4 intent to join other Small LECs in filing an application for a consolidated cost of capital  
5 proceeding." A.21-11-006, *Scoping Memo and Ruling* at 11 (OP 4). A copy of the Notice of  
6 Intent is attached hereto as Attachment A. As reflected in the service email provided therewith,  
7 this notice was served by email on April 1, 2022 on the Director of the Communications Division  
8 of the California Public Utilities Commission, on "CD Compliance," and on the other  
9 representatives of Communications Division and the Public Advocates Office indicated in the  
10 letter.

11 Executed on this 1<sup>st</sup> day of April 2022.

12 Patrick M. Rosvall  
13 Sarah J. Banola  
14 Sean P. Beatty  
15 BRB Law LLP  
16 436 14th Street, Suite 1205  
17 Oakland, CA 94612  
18 Phone: (973) 903-0189  
19 Email: [sarah@brblawgroup.com](mailto:sarah@brblawgroup.com)

20 By: /s/ Sarah J. Banola  
21 Sarah J. Banola

22 Attorneys for Volcano Telephone Company  
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# **Attachment A**

---

**From:** Darren Lee  
**Sent:** Friday, April 1, 2022 9:55 AM  
**To:** ro1@cpuc.ca.gov  
**Cc:** CDCompliance; fvr@cpuc.ca.gov; hs3@cpuc.ca.gov; dnl@cpuc.ca.gov; snr@cpuc.ca.gov; Legakis, Penney; Enchill, Michelle; Ormond, Jamie; Patrick Rosvall; Sarah Banola; Sean Beatty; Maile Kim  
**Subject:** A.21-11-006 Volcano Telephone Company NOI to File Consolidated Cost of Capital Application  
**Attachments:** A2111006 Volcano Cost of Capital NOI.pdf

CD Director Osborn, good morning and we hope you remain well. Attached please find your PDF service copy of the *In the Matter of Application of Volcano Telephone Company (U 1019 C) to Modify Intrastate Revenue Requirement and Rate Design and Adjust Selected Rates (A.21-11-006)* – Volcano Telephone Company (“Volcano”) Notice of Intent to File Consolidated Cost of Capital Application. This NOI letter will be incorporated into a broader pleading that will be e-filed and served to complete Volcano’s obligation outlined in the A.21-11-006 Scoping Memo and Ruling, Ordering Paragraph 4.

Thank you for your continued attention to this matter and please direct all follow-up questions to Ms. Sarah Banola. Have a good weekend.

Sincerely yours,



DARREN LEE | Operations Manager  
BRB Law LLP  
C: 415.930.0542  
[darren@brblawgroup.com](mailto:darren@brblawgroup.com)  
[www.brblawgroup.com](http://www.brblawgroup.com)

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P.O. Box 70527, Oakland, CA 94612 | 973.903.0189 | [sarah@brblawgroup.com](mailto:sarah@brblawgroup.com)

April 1, 2022

**Via Electronic Mail ([robert.osborn@cpuc.ca.gov](mailto:robert.osborn@cpuc.ca.gov))**

Director Robert Osborn  
Communications Division  
California Public Utilities Commission  
505 Van Ness Avenue, 3rd Floor  
San Francisco, CA 94102

Re: ***In the Matter of Application of Volcano Telephone Company (U 1019 C) to Modify Intrastate Revenue Requirement and Rate Design and Adjust Selected Rates (A.21-11-006) – Volcano Telephone Company (“Volcano”) Notice of Intent to File Consolidated Cost of Capital Application***

Dear Director Osborn:

Pursuant to the directive in the March 2, 2022 Assigned Commissioner’s Scoping Memo and Ruling issued in the above-referenced proceeding and consistent with Volcano’s Motion to Defer Cost of Capital filed on February 3, 2022, Volcano hereby submits this Notice of Intent confirming its intent to file a joint application with the other Independent Small LECs<sup>1</sup> addressing cost of capital no later than September 1, 2022. A.21-11-006, *Scoping Memo and Ruling* at 4-5, 11 (OP 4).

As explained in Attachment A to Volcano’s Motion to Defer Cost of Capital, the Independent Small LECs confirm the following information regarding their upcoming cost of capital application:

1. The joint application will be submitted no later than September 1, 2022.
2. The Group B and Group C companies will implement the new cost of capital from the application proceeding in the test years for their rate cases, which are 2024 and 2025, respectively.

---

<sup>1</sup> The Independent Small LECs are the following companies, each of which is a small, rural telephone corporation subject to the Commission’s the 2015 rate case plan: Calaveras Telephone Company (U 1004 C), Cal-Ore Telephone Co. (U 1006 C), Ducor Telephone Company (U 1007 C), Foresthill Telephone Co. (U 1009 C), Kerman Telephone Co. (U 1012 C), Pinnacles Telephone Co. (U 1013 C), The Ponderosa Telephone Co. (U 1014 C), Sierra Telephone Company, Inc. (U 1016 C) (“Sierra”), The Siskiyou Telephone Company (U 1017 C) (“Siskiyou”), and Volcano Telephone Company (U 1019 C) (“Volcano”). Pursuant to the Commission’s “Rate Case Plan” for these companies, each of the Independent Small LECs will complete general rate cases over the course of the next three years. See D.15-06-048, Appendix A (Table 1) (outlining sequencing for rate cases for “small independent telephone corporations”); D.20-08-011 at Appendix C (modifying sequence of rate cases and extending schedule by one year).

3. The Group A companies, including Volcano, will implement the new cost of capital from the application proceeding through a Tier 2 advice letter, to be filed within 30 days of the effective date of the decision resolving the application. Until the new cost of capital is established, the Group A companies' revenue requirements and California High Cost Fund-A ("CHCF-A") draws will be calculated according to the existing cost of capital percentages from D.16-12-035. The new cost of capital for the Group A companies will take effect prospectively as of the effective date of the Tier 2 advice letter filed following the application proceeding, with adjustments made going forward for revenue requirement and CHCF-A as of that date.

This submission fulfills the compliance requirement set forth in the Scoping Memo and Ruling in Volcano's current rate case, which confirms that the "cost of capital" issue will be removed from Volcano's rate case following completion of this notice. A.21-11-006, *Scoping Memo and Ruling* at 4-5. Should you have any questions about this letter, please contact me at [sarah@brblawgroup.com](mailto:sarah@brblawgroup.com) or at 973-903-0189.

Very truly yours,

/s/

Sarah J. Banola

SJB:dl

cc: CD Compliance ([cdcompliance@cpuc.ca.gov](mailto:cdcompliance@cpuc.ca.gov))  
Felix Robles, Communications Division  
Hannah Steiner, Communications Division  
Dorris Chow, Communications Division  
Sazedur Rahman, Communications Division  
Penney Legakis, Communications Division  
Michelle Enchill, Counsel to Cal Advocates  
Jamie Ormond, Counsel to Cal Advocates

# Exhibit C

# Calaveras

**CTC Balance Sheet**  
**As of 12/31/2021**

**Calaveras Telephone Company (CTC)**

<b>Assets</b>		
<b>Current Assets</b>		
CASH IN BANK - B.A.C.	\$ 746,608.83	
CASH IN BANK - UMPQUA BANK	249,340.30	
B.A.C. - MERCHANT PROCESSING ACCOUNT	1,509,137.07	
MOTHER LODE BANK-PLEDGED DEPOSIT- 5310	(21.98)	
MOTHER LODE BANK-P.DEP (GRANT-7117)	20.00	
CASH IN BANK - FIFTH THIRD BANK	516,928.44	
CASH ON HAND - COPPEROPOLIS	10,300.22	
CASH ON HAND - VS (REGISTER)	189.25	
LPL INVESTMENT	1,433,376.76	
INVESTMENTS - MKT VALUE ADJ	521,828.73	
ACCTS RECEIVABLE - TELEPHONE	252,256.53	
ACCOUNTS RECEIVABLE - OTHER	628,658.48	
ACCOUNTS RECEIVABLE - EMPLOYEE	(54.88)	
ACCTS RECEIVABLE - CALAVERAS COMMUNICATIONS	1,603.38	
ACCTS RECEIVABLE - CHCF A	254,395.26	
ACCTS RECEIVABLE - AFFILIATES CONNECTIONS	2,778.79	
ACCOUNTS RECEIVABLE - AFFILIATES COMMUNICATIONS	2,063.31	
ACCOUNTS RECEIVABLE - FLINT HILL	16,018.41	
ACCOUNTS RECEIVABLE - CABS	49,438.17	
ACCTS RECEIVABLE - CALTEL LD	9,379.85	
ACCTS RECEIVABLE - CALTEL CONNECTIONS	(4,022.59)	
A/R EBB	(11,100.00)	
ACCOUNTS RECEIVABLE - NECA	472,263.00	
ACCOUNTS RECEIVABLE - 911	5,046.61	
ACCOUNTS RECEIVABLE - DEAF	63.19	
A/R - CTF / USAC E RATE	(8,668.59)	
ACCOUNTS RECEIVABLE - LIFELINE	24,576.59	
CABLE INVENTORY	370,616.94	
MINOR MATERIAL INVENTORY	361,822.47	
FUEL INVENTORY	7,987.30	
PREPAID INSURANCE	62,520.63	
OTHER PREPAYMENTS	89,895.32	
INVESTMENT - NISC	6,586.43	
NONREG INVESTMENT - PAYPHONES	30,380.88	
A/D - NONREG INVEST-PAYPHONES	(30,380.88)	
NON-REG - DIGITAL TV	770,068.93	
ACCUM DEPN - NON-REG - DIGITAL TV	(770,068.93)	
OTHER REG ASSET	(0.07)	
<b>Total Current Assets:</b>		<b>7,581,832.15</b>
<b>Fixed Assets</b>		
PLANT UNDER CONSTRUCTION	571,046.73	
LAND	1,109,808.98	
MOTOR VEHICLES	1,753,311.45	
TOOLS & OTHER WORK EQUIPMENT	3,353,374.88	
BUILDINGS	2,218,851.09	
FURNITURE	156,646.41	
OFFICE EQUIPMENT	139,874.72	
COE - COMM. EQUIP. (PHONE SYSTEM)	145,937.94	
GENERAL PURPOSE COMPUTERS	1,885,906.70	
COE SWITCH - DIGITAL/DSL	800,003.81	

\*\*Unaudited - For Internal Use Only\*\*



**CTC Balance Sheet**  
**As of 12/31/2021**

**Calaveras Telephone Company (CTC)**

<b>Fixed Assets</b>		(Continued)	
COE - POWER			\$ 1,053,628.24
COE - COMMON			253,444.25
COE - MICROWAVE			4,185.57
COE - CIRCUIT SUBSCRIBER			7,835,609.91
COE - INID's (Integrated Network Interface Device)			265,246.62
COE - CIRCUIT TRUNK			99,745.83
COE - DSL			536,558.31
POLES			183,687.09
BURIED CABLE			12,437,008.96
BURIED FIBRE OPTIC CABLE			8,997,695.73
AERIAL WIRE			512,323.17
CONDUIT SYSTEMS			5,671,585.87
LEASED CONDUIT			284,619.50
UNDERGROUND CABLE			340,768.81
LEASEHOLD IMPROVEMENTS			1,672.27
ACCUM DEPN - MOTOR VEHICLES			(1,698,594.27)
ACCUM DEPN - TOOLS & OTHER WORK EQUIPMENT			(2,928,533.95)
ACCUM DEPN - BUILDINGS			(1,970,834.84)
ACCUM DEPN - FURNITURE			(156,646.41)
ACCUM DEPN - OFFICE EQUIPMENT			(127,764.87)
ACCUM DEPN - GENERAL PURPOSE COMPUTERS			(1,885,906.70)
ACCUM DEPN - COE COMM EQUIP			(145,937.94)
ACCUM DEPN - COE SWITCH - DIGITAL/DSL			(650,332.35)
ACCUM DEPN - COE POWER			(621,095.82)
ACCUM DEPN - COE-COMMON			(253,444.25)
ACCUM DEPN - COE MICROWAVE			(4,185.57)
ACCUM DEPN - COE CIRCUIT SUBSCRIBER			(7,367,683.90)
ACCUM DEPN - COE CIRCUIT TRUNK			(99,745.83)
ACCUM DEPN - COE - INID's			(265,246.62)
ACCUM DEPN - COE - DSL			(536,558.31)
ACCUM DEPN - POLES			(70,492.80)
ACCUM DEPN - BURIED CABLE			(12,414,589.34)
ACCUM DEPN - BURIED FIBRE OPTIC CABLE			(5,469,001.48)
ACCUM DEPN - AERIAL WIRE			(209,210.28)
ACCUM DEPN - CONDUIT SYSTEMS			(3,046,809.89)
ACCUM DEPN - UNDERGROUND CABLE			(340,768.81)
ACCUM DEPN - LEASED CONDUIT			(100,865.22)
AMORTIZATION OF LEASEHOLD IMP.			(1,672.27)
<b>Total Fixed Assets:</b>			10,246,621.12
<b>Total Assets:</b>			<u>\$ 17,828,453.27</u>

\*\*Unaudited - For Internal Use Only\*\*

**CTC Balance Sheet**  
**As of 12/31/2021**

**Calaveras Telephone Company (CTC)**

**Liabilities**

**Current Liabilities**

ACCOUNTS PAYABLE	\$ 65,473.89	
ACCOUNTS PAYABLE -AT&T	(0.12)	
A/P - CALTEL CONNECTIONS CUSTOMER PMTS.	1,729,521.62	
A/P NECA CABS - SWITCHED	(46,547.22)	
A/P-NECA	19,393.37	
A/P-NECA-FCC END USER CHARGE	(2,225.04)	
A/P - HSA PLAN (EMPLOYEE)	2,547.48	
AP - 401(k) PLAN	6,219.17	
ACCOUNTS PAYABLE-FICA W/H	13,873.81	
ACCOUNTS PAYABLE-FWT	32,459.35	
A/P - STATE W/H & SDI	11,222.70	
ACCOUNTS PAYABLE-EXCISE TAX	8,256.14	
ACCOUNTS PAYABLE-911 FUND	1,969.71	
ACCOUNTS PAYABLE-DEAF FUND	525.23	
ACCOUNTS PAYABLE-PUC FUND	1,580.37	
ACCOUNTS PAYABLE-SALES TAX	1,149.68	
ACCOUNTS PAYABLE - CHCF A	722.80	
ACCOUNTS PAYABLE - ULTS	4,830.63	
ACCOUNTS PAYABLE - TELECONNECT	802.59	
ACCOUNTS PAYABLE - CASF (CALIF.ADV.SVCS.FUND)	1,040.22	
CUSTOMER DEPOSITS	4,470.00	
CURRENT MATURITIES- BROADBAND	44,000.00	
ACCRUED FEDERAL INCOME TAXES	(1,006,937.00)	
ACCRUED STATE INCOME TAXES	(110,148.00)	
ACCRUED TAXES-FUTA	14.40	
ACCRUED TAXES-FICA (EMPLOYER)	13,575.82	
ACCRUED TAXES-SUIETT	43.20	
CURRENT DEFERRED ACRS	(39,083.00)	
ACCRUED VACATION	164,145.46	
ACCRUED PTO (SICK)	229,493.07	
ACCRUED PENSION PLAN LIABILITY	318,471.17	
LONG TERM DEBT-BROADBAND LOAN	(146,818.21)	
LONG TERM DEBT- BROADBAND ARRA	718,557.00	
WHITE PAGE DIRECTORY BILLINGS	2,450.80	
DEFERRED LEASE REVENUE	455,378.82	
NONCURRENT DEFERRED ACRS	203,673.00	
NONCURRENT DEFERRED-SFAS 115	146,026.00	
NONCURRENT DEFERRED STATE TAX	(72,773.00)	
DEFERRED INCOME TAX - OTHER	(157,597.00)	
<b>Total Current Liabilities:</b>		<b>2,619,758.91</b>
<b>Total Liabilities:</b>		<b>2,619,758.91</b>

**Equity**

CAPITAL STOCK - COMMON	25,000.00	
OTHER CAPITAL	10,136.46	
Retained Earnings-Current Year	1,659,249.87	
RETAINED EARNINGS	13,514,308.03	
<b>Total Equity:</b>		<b>15,208,694.36</b>
<b>Total Liabilities &amp; Equity:</b>		<b>\$ 17,828,453.27</b>

\*\*Unaudited - For Internal Use Only\*\*

**Income Statement**  
**For The 12 Periods Ended 12/31/2021**

**Calaveras Telephone Company (CTC)**

		Year to Date	% of Revenue
<b>Revenue</b>			
5000	RECURRING LOCAL SVC REVENUE	\$ 1,251,735.40	13.92
5005	VOICE MAIL REVENUES	23,424.13	0.26
5040	LOCAL PRIVATE LINE REVENUE	3,696.00	0.04
5065	LOCAL DA REVENUE	496.50	0.01
5082	USAC HIGH COST LOOP FUND (USF)	4,206,293.00	46.77
5084	CHCF	3,332,113.97	37.05
5110	INTRASTATE TOLL REVENUES	7.35	0.00
5120	LONG DISTANCE PRIVATE LINE REV	6,343.00	0.07
5200	MISCELLANEOUS REVENUE	72,763.02	0.81
5230	DIRECTORY REVENUES	26,621.55	0.30
5240	RENT INCOME	7,364.52	0.08
5264	OTHER INCIDENTAL REGULATED REV	380.00	0.00
5270	INTERSTATE B&C REVENUE	62,327.60	0.69
5301	BAD DEBTS	(686.27)	(0.01)
<b>Total Revenue:</b>		8,992,879.77	100.00
<b>Gross Profit:</b>		8,992,879.77	100.00
<b>Expenses</b>			
6112	MOTOR VEHICLE EXPENSE	172,012.42	1.91
6114	TOOLS & OWE EXPENSE	(6,343.26)	(0.07)
6121	LAND AND BUILDING	134,192.89	1.49
6123	OFFICE EQUIPMENT EXPENSE	29,007.28	0.32
6124	COMPUTERS	321,163.90	3.57
6212	CO SWITCHING	79,272.26	0.88
6230	CO TRANSMISSION	538,040.73	5.98
6362	COMPANY COMM. EQ.	4,293.29	0.05
6410	CABLE AND WIRE	347,116.23	3.86
6510	OTHER PLANT & EQUIP	123,695.94	1.38
6531	POWER EXPENSE	180,376.18	2.01
6534	PLANT OPS	288,995.30	3.21
6535	ENGINEERING	346,550.67	3.85
6540	ACCESS EXPENSES	315,947.78	3.51
6561	DEPRECIATION EXPENSE	1,655,513.65	18.41
6610	MARKETING	48,727.40	0.54
6622	COMPANY DIRECTORIES	1,197.10	0.01
6623	CUSTOMER SERVICES	892,455.60	9.92
6624	CABS	29,191.62	0.32
6710	EXECUTIVE & PLANNING	429,826.01	4.78
6720	G & A	356,732.82	3.97
6721	ACCOUNTING	385,526.81	4.29
6724	INFO MANAGEMENT	9,201.62	0.10
6725	LEGAL	139,065.57	1.55
<b>Total Expenses:</b>		6,821,759.81	75.86
<b>Net Income from Operations:</b>		2,171,119.96	24.14
<b>Other Income and Expense</b>			
7220	FEDERAL INCOME TAXES	(344,531.00)	(3.83)
7230	STATE AND LOCAL INCOME TAXES	(190,972.00)	(2.12)
7240	PROPERTY TAXES	(184,957.29)	(2.06)

\*\*Unaudited - For Internal Use Only\*\*

**Income Statement****For The 12 Periods Ended 12/31/2021****Calaveras Telephone Company (CTC)**

		Year to Date	% of Revenue
7250	DEFERRED INCOME TAXES	\$(30,593.00)	(0.34)
7310	DIVIDEND INCOME	36,493.38	0.41
7320	INTEREST INCOME	213.78	0.00
7330	GAINS/LOSSES	369,789.89	4.11
7340	AFUDC	15,416.04	0.17
7360	OTHER NONOPERATING INCOME	991.69	0.01
7370	SPECIAL CHARGES	(44,447.54)	(0.49)
7420	NONOPERATING FEDERAL INC TAXES	(37,057.00)	(0.41)
7430	NONOPERATING STATE & LOCAL TAX	(16,446.00)	(0.18)
7450	NONOPERATING DEFERRED INC TAX	(56,496.00)	(0.63)
7510	INTEREST ON FUNDED DEBT	(18,135.55)	(0.20)
7540	OTHER INTEREST DEDUCTIONS	(739.35)	(0.01)
7990	NET INCOME (LOSS)	(10,400.14)	(0.12)
<b>Total Other Income and Expense:</b>		(511,870.09)	(5.69)
<b>Earnings before Income Tax:</b>		1,659,249.87	18.45
<b>Net Income (Loss):</b>		\$ 1,659,249.87	18.45

\*\*Unaudited - For Internal Use Only\*\*

# Cal-Ore

**CAL-ORE TELEPHONE CO.**

Balance Sheets

June 30, 2022

UNAUDITED

<b>Assets</b>	<b>2022</b>
Current assets:	
Cash and cash equivalents	\$ 3,724,165
Accounts receivable, net	547,625
Materials and supplies	621,099
Deferred income taxes	—
Prepaid income taxes	14,138
Other current assets	425,668
Total current assets	<u>5,332,694</u>
Noncurrent assets:	
Property, plant, and equipment, net	7,766,203
Intercompany Receivables - net	9,046,680
Other assets	746,472
Total noncurrent assets	<u>17,559,355</u>
Total	<u>\$ 22,892,050</u>
<b>Liabilities and Stockholder's Equity</b>	
Current liabilities:	
Accounts payable	\$ 563,515
Intercompany payables	
Income taxes payable	
Accrued liabilities	
Total current liabilities	<u>563,515</u>
Long-term liabilities:	
Other LT Liabilities	1,558,680
Deferred income taxes and other LT Liabilities	(2,290,552)
Total long-term liabilities	<u>(731,872)</u>
Stockholder's equity:	
Common stock, \$10 par value. Authorized, 7,500 shares; issued and outstanding, _____ shares	47,800
Additional paid-in capital	2,310,800
Retained earnings	20,701,806
Total stockholder's equity	<u>23,060,406</u>
Total	<u>\$ 22,892,050</u>

UNAUDITED

**CAL-ORE TELEPHONE CO.**

Statements of Income

June 30, 2022

UNAUDITED

	<u>2022</u>
Operating revenues:	
Local service revenue	\$ 333,951
Network access revenue	1,035,707
Other operating revenue	1,812,267
Less uncollectible revenues	<u>709</u>
Total operating revenues	<u>3,182,634</u>
Operating expenses:	
Plant specific	836,980
Plant nonspecific	178,296
Depreciation	731,728
Customer operations	168,310
Corporate operations	726,233
Taxes, other than income	<u>59,900</u>
Total operating expenses	<u>2,701,448</u>
Operating income	<u>481,186</u>
Other income:	
Interest income and dividend income	79.24
Other income	
Total other income	<u>79</u>
Income before income taxes	<u>481,266</u>
Income tax (expense)	
Net income	<u>\$ 481,266</u>

UNAUDITED

**Ducor**





## **June 2022 Varcomm Management Report**

Income Statement  
Varcomm



	June 06 2022 Telephone			
	Present Year to Date	Previous Year to Date	Variance \$	Budget Year to Date - OpEx
<b>Net Income before Income Tax</b>				
<b>Operating Income</b>				
<b>Operating Revenues</b>				
Local Network Services	144,958	158,764	(13,807)	180,389
InterState Network Access Services	253,425	323,575	(70,150)	327,420
IntraState Network Access Services	8,206	10,291	(2,085)	10,291
Federal Universal Service Support	852,897	857,843	(4,946)	857,843
State Universal Service Support	681,307	666,577	14,730	681,304
Nonregulated Revenue	3,841	536	3,305	536
Miscellaneous Revenue	21,217	22,229	(1,011)	22,229
Uncollectible Revenue	(14,556)	(95)	(14,461)	(95)
<b>Operating Revenues</b>	<b>1,951,295</b>	<b>2,039,719</b>	<b>(88,425)</b>	<b>2,079,917</b>
<b>Operating Expenses</b>				
Plant Specific Operations	216,610	236,138	(19,527)	243,222
Plant Nonspecific Operations	247,946	289,661	(41,715)	298,351
Customer Operations	128,314	102,401	25,914	105,473
Corporate Operations	287,031	503,274	(216,244)	295,776
Depreciation & Amortization Expense	565,302	405,283	160,019	308,474
Property and Other Taxes	26,604	29,523	(2,919)	30,409
<b>Operating Expenses</b>	<b>1,471,808</b>	<b>1,566,280</b>	<b>(94,472)</b>	<b>1,281,704</b>
<b>Total Operating Income</b>	<b>479,487</b>	<b>473,439</b>	<b>6,048</b>	<b>798,212</b>
<b>Other Income (Expense)</b>				
Interest & Dividend Income	463	584	(122)	602
Interest Expense	(4,754)	(56,219)	51,466	0
Non-Operating Inc/(Exp)	(12,563)	(6,580)	(5,983)	(2,060)
<b>Other Income (Expense)</b>	<b>(16,855)</b>	<b>(62,215)</b>	<b>45,361</b>	<b>(1,458)</b>
<b>Net Income before Income Tax</b>	<b>462,632</b>	<b>411,224</b>	<b>51,408</b>	<b>796,754</b>
<b>Provision for Income Tax</b>	<b>120,284</b>	<b>106,918</b>	<b>13,366</b>	<b>171,673</b>
<b>Net Income</b>	<b>342,348</b>	<b>304,305</b>	<b>38,042</b>	<b>625,081</b>
<b>EBITDA</b>				
Net Income	342,348	304,305	38,042	625,081
Add Interest	4,754	49,256	(44,502)	0
Add Taxes	120,284	106,918	13,366	171,673
Add Depreciation & Amortization	565,302	405,283	160,019	308,474
<b>EBITDA</b>	<b>1,032,688</b>	<b>865,762</b>	<b>166,926</b>	<b>1,105,228</b>

## Income Statement

Varcomm



June  
06 2022  
Telephone

Present Year to Date

Previous Year to Date

Variance \$

Budget Year to Date - OpEx

## Income Statement by Month

Varcomm



	01 2022	02 2022	03 2022	04 2022	05 2022	06 2022	01 2022 - 06 2022
	Present Year Current	Present Year Current	Present Year Current	Present Year Current	Present Year Current	Present Year Current	Present Year Current
<b>Net Income before Income Tax</b>							
<b>Operating Income</b>							
<b>Operating Revenues</b>							
Local Network Services	23,852	24,942	23,745	22,881	23,106	26,431	144,958
InterState Network Access Services	47,156	34,029	46,964	40,730	42,027	42,518	253,425
IntraState Network Access Services	1,321	1,334	1,463	1,529	1,252	1,307	8,206
Federal Universal Service Support	142,285	142,123	142,123	142,121	142,123	142,123	852,897
State Universal Service Support	113,551	113,551	113,551	113,551	113,551	113,551	681,307
Nonregulated Revenue	30	41	1,412	224	122	2,013	3,841
Miscellaneous Revenue	3,587	3,594	3,601	3,200	3,596	3,640	21,217
Uncollectible Revenue	(7,905)	0	0	133	(6,425)	(360)	(14,556)
<b>Operating Revenues</b>	<b>323,877</b>	<b>319,614</b>	<b>332,860</b>	<b>324,370</b>	<b>319,352</b>	<b>331,222</b>	<b>1,951,295</b>
<b>Operating Expenses</b>							
Plant Specific Operations	14,012	34,246	36,062	40,015	36,515	55,761	216,610
Plant Nonspecific Operations	52,626	44,831	57,229	35,468	31,837	25,954	247,946
Customer Operations	18,709	18,849	21,201	24,295	26,209	19,052	128,314
Corporate Operations	50,294	46,329	45,510	46,413	62,494	35,992	287,031
Depreciation & Amortization Expense	96,565	96,578	96,858	97,211	94,590	83,500	565,302
Property and Other Taxes	4,495	4,495	4,495	4,495	4,495	4,128	26,604
<b>Operating Expenses</b>	<b>236,701</b>	<b>245,327</b>	<b>261,355</b>	<b>247,897</b>	<b>256,140</b>	<b>224,387</b>	<b>1,471,808</b>
<b>Total Operating Income</b>	<b>87,176</b>	<b>74,286</b>	<b>71,505</b>	<b>76,473</b>	<b>63,211</b>	<b>106,836</b>	<b>479,487</b>
<b>Other Income (Expense)</b>							
Interest & Dividend Income	74	84	79	87	71	69	463
Interest Expense	(2,563)	(294)	(317)	(505)	(548)	(527)	(4,754)
Non-Operating Inc/(Exp)	(1,420)	(3,290)	(1,707)	(3,432)	(1,573)	(1,142)	(12,563)
<b>Other Income (Expense)</b>	<b>(3,910)</b>	<b>(3,500)</b>	<b>(1,945)</b>	<b>(3,850)</b>	<b>(2,050)</b>	<b>(1,600)</b>	<b>(16,855)</b>
<b>Net Income before Income Tax</b>	<b>83,266</b>	<b>70,786</b>	<b>69,560</b>	<b>72,623</b>	<b>61,161</b>	<b>105,235</b>	<b>462,632</b>
<b>Provision for Income Tax</b>	<b>27,525</b>	<b>25,409</b>	<b>24,806</b>	<b>20,696</b>	<b>(5,715)</b>	<b>27,562</b>	<b>120,284</b>
<b>Net Income</b>	<b>55,741</b>	<b>45,377</b>	<b>44,754</b>	<b>51,927</b>	<b>66,875</b>	<b>77,673</b>	<b>342,348</b>
<b>EBITDA</b>							
Net Income	55,741	45,377	44,754	51,927	66,875	77,673	342,348
Add Interest	2,563	294	317	505	548	527	4,754
Add Taxes	27,525	25,409	24,806	20,696	(5,715)	27,562	120,284

## Income Statement by Month

Varcomm



	01 2022	02 2022	03 2022	04 2022	05 2022	06 2022	01 2022 - 06 2022
	Present Year Current	Present Year Current	Present Year Current	Present Year Current	Present Year Current	Present Year Current	Present Year Current
Add Depreciation & Amortization	96,565	96,578	96,858	97,211	94,590	83,500	565,302
<b>EBITDA</b>	<b>182,394</b>	<b>167,658</b>	<b>166,735</b>	<b>170,339</b>	<b>156,300</b>	<b>189,262</b>	<b>1,032,688</b>



		<u>June</u> <b>06 2022</b>	
	Present Year to Date	Telephone Previous Year to Date	Variance \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and Cash Equivalents	\$1,405,477	\$1,858,569	(\$453,092)
AR - Telecommunications	6,538	1,217	5,321
AR - Settlement and Access	402,161	216,196	185,964
AR - Related Party	9,526	9,886	(360)
Materials and Supplies	257,093	154,433	102,661
Other Prepayments	42,918	54,589	(11,670)
<b>Total CURRENT ASSETS</b>	<b>2,123,714</b>	<b>2,294,890</b>	<b>(171,176)</b>
NONCURRENT ASSETS			
Deferred Charges	0	207,026	(207,026)
PROPERTY, PLANT AND EQUIPMENT			
Telecommunications Plant in Service	13,280,258	18,479,187	(5,198,929)
Plant Under Construction	281,404	376,780	(95,376)
Nonregulated Plant in Service	12,445	12,445	0
Less Accumulated Depreciation	(511,735)	(14,811,322)	14,299,587
<b>Total PROPERTY, PLANT AND EQUIPMENT</b>	<b>13,062,372</b>	<b>4,057,091</b>	<b>9,005,281</b>
<b>Total ASSETS</b>	<b>\$15,186,086</b>	<b>\$6,559,007</b>	<b>\$8,627,079</b>

Balance Sheet  
Varcomm



		June 06 2022 Telephone	
	Present Year to Date	Previous Year to Date	Variance \$
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$74,436	\$86,435	(\$11,999)
Current Maturities of Long-Term Debt	0	0	0
Current Maturities of Capital Leases	109,179	81,560	27,619
Income Taxes Payable	237,879	488,462	(250,583)
Other Accrued Liabilities	113,454	165,119	(51,665)
<b>Total CURRENT LIABILITIES</b>	<b>534,947</b>	<b>821,576</b>	<b>(286,629)</b>
LONG-TERM LIABILITIES			
Long-term Debt, Net of Current Portion	0	(80,817)	80,817
Capital Leases, Net of Current Portion	167,196	150,551	16,645
Deferred Income Taxes	2,127,524	351,254	1,776,270
<b>Total LONG-TERM LIABILITIES</b>	<b>2,294,720</b>	<b>420,989</b>	<b>1,873,732</b>
STOCKHOLDER'S EQUITY			
Common Stock, authorized 7,500 shares; \$10 par value: issued and outstanding 3,140 shares	31,400	31,400	0
Additional Paid-In Capital	11,982,670	1,649,598	10,333,072
Dividends Paid	0	(1,375,623)	1,375,623
Retained Earnings	0	4,706,761	(4,706,761)
Net Income (Loss)	342,348	304,305	38,042
<b>Total STOCKHOLDER'S EQUITY</b>	<b>12,356,418</b>	<b>5,316,442</b>	<b>7,039,976</b>
<b>Total LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$15,186,086</b>	<b>\$6,559,007</b>	<b>\$8,627,079</b>

Cash Flow Statement  
Varcomm



	<div> <div>June</div> <div>06 2022</div> <div>Telephone</div> </div>		
	Present Year to Date	Previous Year to Date	Variance \$
<b>Net Income</b>	<b>342,348</b>	<b>304,305</b>	<b>38,042</b>
<b>Net Operating Activities</b>			
Total Depreciation and Amortization	565,302	405,283	160,019
Decrease(Incr) in Accounts Receivable	(478,778)	31,080	(509,858)
Decrease(Incr) in Current Liabilities	129,387	(144,077)	273,464
Decrease(Incr) in Inventory	(120,465)	177	(120,642)
Decrease(Incr) in Other Operating Act.	(1,058)	29,752	(30,810)
<b>Net Operating Activities</b>	<b>94,389</b>	<b>322,215</b>	<b>(227,827)</b>
<b>Net Investing Activities</b>			
Total Investment Accounts	0	0	0
Capital Expenditures	(446,295)	(443,006)	(3,290)
Other Cash Flow from Investing Activity	0	213,990	(213,990)
<b>Net Investing Activities</b>	<b>(446,295)</b>	<b>(229,016)</b>	<b>(217,279)</b>
<b>Net Financing Activities</b>			
Total Decrease(Incr) in Debt	80,563	(1,333,099)	1,413,662
Sale(Repurchase) of Stock	0	1,462,098	(1,462,098)
Dividends Paid	0	(22,087)	22,087
<b>Net Financing Activities</b>	<b>80,563</b>	<b>106,912</b>	<b>(26,349)</b>
<b>Net Cash and Cash Equivalents</b>	<b>71,004</b>	<b>504,416</b>	<b>(433,413)</b>
<b>Proof of Cash</b>			
Cash and Cash Equivalents			
Total Cash and Cash Equivalents	1,405,477	1,858,569	(453,092)



# Foresthill

Sebastian (Foresthill)  
Balance Sheet Summary  
July 31, 2022

<b>ASSETS</b>	Current Month
<b>CURRENT ASSETS</b>	
Cash And Equivalents	1,781,820
Telecommunications - Accounts Receivable	1,530,623
Affiliate Accounts Receivable	-
Other Current Assets	440,561
Total Current Assets	<u>3,753,004</u>
<b>NONCURRENT ASSETS</b>	
Goodwill	-
Other	2,756
Total Noncurrent Assets	<u>2,756</u>
<b>REGULATED PLANT</b>	
Regulated Plant Under Construction	290,510
Regulated Plant In Service	39,825,134
Regulated Accumulated Depreciation	(25,283,047)
Leasehold Improvements	-
Total Regulated Plant	<u>14,832,597</u>
<b>TOTAL ASSETS</b>	<b><u><u>18,588,356</u></u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	210,795
Affiliate Accounts Payable	531,936
Other Current Liabilities	385,837
Curr Mature-Long Term Debt	287,800
Total Current Liabilities	<u>1,416,368.00</u>
Total Long Term Debt	4,629,387
Total Deferred Income Taxes	1,901,000
<b>SHAREHOLDERS EQUITY</b>	
Capital	4,000,000
Retained Earnings	6,653,791
Dividends Declared	(1,018,000)
Current Year Net Income	1,005,811
Total Shareholders' Equity	<u>10,641,602</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b><u><u>18,588,357</u></u></b>

Sebastian (Foresthill)  
Income Statement Summary  
July 31, 2022

	<u>Actual</u>
<b>OPERATING REVENUES</b>	
Local Network Service Revenue	
Local Service	365,282.00
Third Party Revenue	-
Local Service - CHCF	1,563,923
Network Access Service	2,216,762
Network Access - FUSF	644,617
Miscellaneous	36,619
<b>TOTAL OPERATING REVENUES</b>	<u><u>4,827,203</u></u>
<b>OPERATING EXPENSES</b>	
Plant Operations	1,168,901
Depreciation/Amortization Exp	625,024
Customer Operations Expense	-
Customer Operations	519,100.00
Corporate Operations Expense	-
Corporate Operations Expense	886,608.00
Interest Expense	59,825
Property Taxes	162,269
<b>TOTAL OPERATING EXPENSES</b>	<u><u>3,421,727</u></u>
<b>TOTAL NET OPERATING INCOME (before I-Tax)</b>	<u><u>1,405,476</u></u>
<b>OTHER OPERATING INCOME/EXPENSE</b>	35
Operating Taxes	388,028
Deferred Income Taxes	-
<b>TOTAL OPERATING INCOME TAXES</b>	<u><u>388,028</u></u>
<b>NET OPERATING INCOME AFTER INCOME TAX</b>	<u><u>1,017,448</u></u>
Net Non-Op Income After Income Tax	(5,980)
Other Nonregulated Revenues	(18,232)
<b>TOTAL OTHER INCOME/EXPENSE</b>	<u><u>(24,212)</u></u>
<b>NET INCOME</b>	<u><u>993,236</u></u>

# Kerman

Kerman Telephone Co.

Balance Sheet

July-2022  
Current Month

**ASSETS**

**CURRENT ASSETS**

Cash And Equivalents	1,309,712
Telecommunications Accounts Receivable	2,402,094
Affiliate Accounts Receivable	4,358,310
Other Current Assets	972,831
	<hr/>
Total Current Assets	9,042,947

**NONCURRENT ASSETS**

Lease Deposit	497,689
Non-Operating Plant Net	15,445
Other	1,038
	<hr/>
Total Noncurrent Assets	514,172

**REGULATED PLANT**

Regulated Plant Under Construction	1,311,408
Regulated Plant In Service	57,288,077
Regulated Accumulated Depreciation	(38,695,063)
	<hr/>
Total Regulated Plant	19,904,422

**TOTAL ASSETS** 29,461,542

**LIABILITIES AND SHAREHOLDERS EQUITY**

**CURRENT LIABILITIES**

Accounts Payable	710,705
Affiliated Accounts Payable	1,102,897
Other Current Liabilities	739,312
Curr Mature-Long Term Debt	842,380
	<hr/>
Total Current Liabilities	3,395,294.00

LONG TERM DEBT 6,487,891

DEFERRED INCOME TAXES 2,881,000

**SHAREHOLDER EQUITY**

Capital	1,886,712
Retained Earnings	14,368,097
Dividends Declared	-
Current Year Net Income	442,545
	<hr/>
Total Shareholders Equity	16,697,354

**TOTAL LIABILITIES AND SHAREHOLDERS EQUITY** 29,461,539



# SEBASTIAN

*Putting people first.*

Kerman Telephone Co

## INCOME STATEMENT

July 31, 2022

### ACTUAL

#### OPERATING REVENUES

Local Service	717,415
Local Service-CHCF	2,137,524
Network Access Service	2,516,522
Network Access-FUSF	1,168,262
Miscellaneous	78,413

Total Operating Revenues	<u><u>6,618,136</u></u>
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#### OPERATING EXPENSES

Plant Operations	2,644,761
Depreciation	1,449,893
Customer Operations	555,384
Corporate Operations	984,464
Interest	122,692
Property Taxes	207,261

Total Operating Expenses	<u><u>5,964,455</u></u>
--------------------------	-------------------------

OPERATING INCOME BEFORE I-TAX	<u><u>653,681</u></u>
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OPERATING TAXES	-
-----------------	---

Current Income Taxes	174,212
Deferred Income Taxes - Exp	-

TOTAL OPERATING INCOME TAXES	<u>174,212.00</u>
------------------------------	-------------------

OPERATING INC. AFTER TAX *	<u>479,469.00</u>
----------------------------	-------------------

Net Non-Oper. Income After I-Tax	(36,271)
Net Non-Reg. Income After I-Tax	(651)
	<u>(36,922)</u>

NET INCOME	<u><u>442,547</u></u>
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# Pinnacles

PINNACLES TELEPHONE COMPANY  
BALANCE SHEETS  
DRAFT

	JUNE 30, 2022	DECEMBER 31, 2021
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	589,725	467,508
Telecommunications accounts receivable	20,173	25,010
Other accounts receivable	144,615	140,051
Marketable securities	-	-
Materials and supplies	82,327	73,369
Prepaid expenses	2,706	13,738
Prepaid income taxes	77,791	99,558
	<u>                    </u>	<u>                    </u>
Total current assets	<u>917,337</u>	<u>819,234</u>
<b>NONCURRENT ASSETS</b>		
Marketable securities	1,150,009	1,143,748
Deferred charges	-	-
	<u>                    </u>	<u>                    </u>
Total noncurrent assets	<u>1,150,009</u>	<u>1,143,748</u>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Telecommunications plant in service	6,625,812	6,553,024
Plant under construction	592,307	503,793
Nonregulated plant in service	112,428	112,428
Nonregulated plant under construction	-	-
	<u>                    </u>	<u>                    </u>
	7,330,547	7,169,245
Less accumulated depreciation	<u>5,700,445</u>	<u>5,593,058</u>
	<u>                    </u>	<u>                    </u>
Net property, plant, and equipment	<u>1,630,102</u>	<u>1,576,187</u>
	<u><u>\$ 3,697,448</u></u>	<u><u>\$ 3,539,169</u></u>



PINNACLES TELEPHONE COMPANY  
BALANCE SHEETS  
DRAFT

	JUNE 30, 2022	DECEMBER 31, 2021
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 39,881	\$ 35,246
Accounts payable - affiliate	46,380	46,380
Income taxes payable	-	-
Other accrued liabilities	<u>170,576</u>	<u>131,453</u>
Total current liabilities	<u>256,837</u>	<u>213,079</u>
OTHER LIABILITIES – Deferred income taxes	<u>117,604</u>	<u>109,435</u>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, authorized 2,500 shares, \$100 par value:		
Issued and outstanding 700 shares	70,000	70,000
Preferred stock, authorized 2,500 shares, \$100 par value:		
Issued and outstanding 700 shares	70,000	70,000
Additional paid-in capital	2,249	2,249
Retained earnings	<u>3,180,758</u>	<u>3,074,406</u>
Total stockholder's equity	<u>3,323,007</u>	<u>3,216,655</u>
	<u><u>\$ 3,697,448</u></u>	<u><u>\$ 3,539,169</u></u>

PINNACLES TELEPHONE COMPANY  
STATEMENTS OF INCOME  
DRAFT

	JANUARY 1 THROUGH JUNE 30, 2022	YEAR ENDED DECEMBER 31, 2021
OPERATING REVENUES		
Local network services	\$ 38,503	\$ 77,801
Interstate access services	123,390	224,865
Intrastate access services	6,718	12,760
Long distance network services	644	1,288
Federal universal service support	217,623	435,246
California high cost support	218,359	436,580
Nonregulated services	137,909	273,159
Miscellaneous	1,637	2,350
	<u>744,783</u>	<u>1,464,049</u>
Total operating revenues		
OPERATING EXPENSES		
Plant specific operations	98,301	253,852
Plant nonspecific operations	75,499	162,603
Customer operations	30,532	61,141
Corporate operations	160,653	354,550
Depreciation	106,033	147,432
Property and other taxes	8,250	16,937
Nonregulated	113,674	180,048
	<u>592,942</u>	<u>1,176,563</u>
Total operating expenses		
OPERATING INCOME	<u>151,841</u>	<u>287,486</u>
OTHER INCOME AND (EXPENSES)		
Interest and dividend income	7,144	46,545
Gain (loss) on sale of investments	395	(16,432)
Nonoperating expense, net	(9,092)	(20,014)
	<u>(1,553)</u>	<u>10,099</u>
Total other income		
INCOME BEFORE INCOME TAXES	150,288	297,585
Provision for income taxes	43,936	87,741
NET INCOME	106,352	209,844
RETAINED EARNINGS, beginning of year	<u>3,074,406</u>	<u>2,864,562</u>
RETAINED EARNINGS, end of year	<u>\$ 3,180,758</u>	<u>\$ 3,074,406</u>

PINNACLES TELEPHONE COMPANY  
STATEMENTS OF CASHFLOWS  
DRAFT

	JANUARY 1 THROUGH JUNE 30, 2022	YEAR ENDED DECEMBER 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and settlements	\$ 745,056	\$ 1,460,254
Cash paid to vendors, suppliers, and employees	(448,815)	(993,460)
Interest and dividends received	20,718	38,605
Income taxes paid	(14,000)	(237,300)
	<u>302,959</u>	<u>268,099</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction and acquisition of plant	(161,302)	(565,703)
Purchase of non-regulated equipment	-	-
Accounts payable – affiliate	-	(1,523)
Purchase of marketable securities	(217,649)	(236,683)
Proceeds from sale or redemption of marketable securities	<u>198,209</u>	<u>199,074</u>
	<u>(180,742)</u>	<u>(604,835)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend distribution	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	122,217	(336,736)
CASH AND CASH EQUIVALENTS, beginning of year	<u>467,508</u>	<u>804,244</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 589,725</u></u>	<u><u>\$ 467,508</u></u>

PINNACLES TELEPHONE COMPANY  
STATEMENTS OF CASHFLOWS  
DRAFT

	JANUARY 1 THROUGH JUNE 30, 2022	YEAR ENDED DECEMBER 31, 2021
	<u>2022</u>	<u>2021</u>
RECONCILIATION OF NET INCOME TO NET CASH FROM OPERATING ACTIVITIES:		
NET INCOME	\$ 106,352	\$ 209,844
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation from regulated operations	106,033	95,672
Depreciation from non-regulated operations	1,354	2,708
Deferred income taxes	8,169	(13,166)
(Gain) loss on sale of investments	(395)	(2,555)
Adjustment of marketable securities to amortized cost	13,574	12,151
Increase (decrease) in cash due to changes in assets and liabilities:		
Telecommunications accounts receivable	4,837	(4,198)
Other accounts receivable	(4,564)	(12,507)
Materials and supplies	(8,958)	7,050
Prepaid expenses	11,032	673
Deferred charges	-	79,822
Accounts payable	4,635	14,541
Accrued/prepaid income taxes	21,767	10,880
Other accrued liabilities	39,123	35,395
Total adjustments	<u>196,607</u>	<u>226,466</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 302,959</u>	<u>\$ 436,310</u>

# Ponderosa

THE PONDEROSA TELEPHONE CO.  
SUMMARY FINANCIALS  
INCOME STATEMENT  
June 30, 2022  
-----

	Y-T-D BALANCE
OPERATING REVENUES	
Local Service Revenues	1,452,792.24
CA State High Cost Fund	1,927,121.40
Access Revenues & USF	5,139,094.88
Directory Revenue	9,048.47
Miscellaneous Revenues	219,247.11
Uncollectible Revenue	-17,063.76
	-----
TOTAL OPERATING REVENUES	8,730,240.34
	-----
OPERATING EXPENSES	
Plant Specific Expenses	2,215,873.79
Plant Non-Specific Expenses	1,241,960.69
Depreciation	1,851,133.25
Customer Operations Expenses	517,255.39
Corporate Operations Expenses	1,314,010.40
	-----
TOTAL OPERATING EXPENSES	7,140,233.52
	-----
OPERATING TAXES	
Federal Income Tax Expense	252,795.53
State Income Tax Expense	116,734.16
Property Tax Expense	227,685.38
	-----
TOTAL OPERATING TAXES	597,215.07
	-----
OPERATING INCOME	992,791.75
NON-OPERATING REVENUES	
Interest Income	56,732.82
Gain/Loss on Investments	-7,195.80
Unrealized Gain/Loss on Investments	-1,460,965.77
AFUDC	10,240.86
Other Non-Operating Revenues	29,263.48
	-----
NON-OPERATING REVENUES	-1,371,924.41
	-----
NON-OPERATING EXPENSES	
Special Charges	23,655.38
Contributions	42,063.60
Interest and Amortization	91,938.01
Non-Operating Expense-Misc/Other	36,406.59
Non-Operating Taxes	-409,220.82
	-----
NON-OPERATING EXPENSES	-215,157.24
	-----
NON-REGULATED	
Non-Regulated Revenues	85,178.07
Non-Regulated Expenses	109,467.87
Non-Regulated Taxes	-7,676.34
	-----
NON-REGULATED NET INCOME	-16,613.46
	-----
NET INCOME	-180,588.88
	=====

THE PONDEROSA TELEPHONE CO.  
SUMMARY FINANCIALS  
BALANCE SHEET  
June 30, 2022  
-----

ASSETS	BALANCE
=====	
CURRENT ASSETS	
Cash and Cash Equivalents	18,821,618.59
A/R Telecommunications	804,658.05
A/R-CASF Grant Funds Receivable	687,397.19
A/R Other	119,701.79
A/R USAC, ULTS & CTF Support	77,022.53
A/R Access	1,326,741.30
Materials and Supplies	1,593,207.23
A/R Intercompany	957,056.46
Prepays	89,612.14
	-----
TOTAL CURRENT ASSETS	24,477,015.28
	-----
NON-CURRENT ASSETS	
Non-Regulated Investments	166,400.00
Marketable Securities Held t	0
Investments in Non-Affiliated Companies	1,100,669.25
Unamortized Debt Issuance	58,186.14
Other Deferred Charges	19,107.77
	-----
NON-CURRENT ASSETS	1,344,363.16
	-----
PLANT, PROPERTY & EQUIPMENT	
Telephone Plant Under Construction	9,501,218.38
	-----
General Support Assets	17,796,664.32
Central Office & Transmission	36,238,620.03
Cable & Wire Facilities	92,493,762.58
	-----
PLANT IN SERVICE	146,529,046.93
	-----
GROSS PROPERTY, PLANT & EQUIPMENT	156,030,265.31
	-----
ACCUMULATED DEPRECIATION	
General Support Assets	-15,787,239.44
Central Office & Transmission	-35,584,766.61
Cable & Wire Facilities	-72,820,674.56
	-----
ACCUMULATED DEPRECIATION	-124,192,680.61
	-----
NET TELECOM PLANT IN SERVICE	22,336,366.32
	-----
NET PROPERTY, PLANT & EQUIPMENT	31,837,584.70
	-----
Non-Operating Plant	80,777.30
A/D Non-Operating Property	-70,687.40
	-----
NET PLANT	31,847,674.60
	-----
TOTAL ASSETS	57,669,053.04
	=====

THE PONDEROSA TELEPHONE CO.  
SUMMARY FINANCIALS  
BALANCE SHEET - continued  
June 30, 2022  
-----

LIABILITIES AND EQUITY	BALANCE
=====	
CURRENT LIABILITIES	
A/P Invoices	1,166,282.12
A/P Sick & Vacation	908,904.14
A/P Other	698,859.48
A/P Interexchange Carrier	1,754.69
A/P NECA	209,189.00
A/P Taxes & Surcharges	56,149.90
A/P Payroll Withholdings	12,651.68
A/P Intercompany	942,018.10
	-----
SUBTOTAL - ACCOUNTS PAYABLE	3,995,809.11
Advance Billing & Payments	257,424.02
Customer Deposits	8,824.17
Current Maturities	2,188,555.80
Accrued Taxes	885,596.62
Current Deferred Income Taxes	-109,284.00
Unmatured Interest	0
Other Current Liabilities	133,669.26
	-----
TOTAL CURRENT LIABILITIES	7,360,594.98
	-----
OTHER LIABILITIES & DEFERRED CREDITS	
Long Term Debt - RUS	3,953,977.13
Non-Current Deferred Operating Inc Tax	-391,589.85
Non-Current Deferred Non-Op Inc Tax	25,429.71
Other Deferred Credits	334,883.00
	-----
TOTAL OTHER LIABS. & DEFERRED CREDITS	3,922,699.99
	-----
STOCKHOLDER'S EQUITY	
Capital Stock Outstanding	853,780.00
Retained Earnings	45,739,429.10
Unrealized Gain/Loss on Investment	-26,862.15
Current Net Income	-180,588.88
	-----
TOTAL EQUITY	46,385,758.07
	-----
TOTAL LIABILITIES & EQUITY	57,669,053.04
	=====
	0.00



**Sierra**

**SIERRA TELEPHONE**  
**Income Statement**  
**For the Six Months Ending June 30, 2022**

	<b>YTD ACTUAL</b>
Local Services	8,036,323.78
Network Access	9,859,457.05
Other Services & Sales	381,549.20
Uncollectables	3,462.75
<b>TOTAL REVENUES</b>	<b>18,280,792.78</b>
Building & Minor Equipment	1,733,733.67
Central Office	1,435,630.51
Miscellaneous Repairs & Maint	10,525.35
Outside Plant	540,666.69
<b>Total Plant Specific Operations</b>	<b>3,720,556.22</b>
Plant Non-Specific Operations	1,405,830.83
Depreciation & Amortization	6,300,415.65
Customer Operations	1,701,139.07
Corporate Operations	1,338,465.23
<b>Total Operating Costs &amp; Expenses</b>	<b>10,745,850.78</b>
Property Taxes	410,070.89
Other Operating Taxes	-
Income Taxes - Current	886,306.00
Income Taxes - Deferred	-
<b>Total Operating Taxes</b>	<b>1,296,376.89</b>
Nonoperating Income - Interest	4,968.22
Nonoperating Income - Other	5,091.44
Nonoperating Income Tax Expense	-
Nonoperating Income Tax Deferred	-
Nonoperating Expense	(71,910.42)
<b>Total Nonoperating Income (Expense)</b>	<b>(61,850.76)</b>
Fixed Charges - Interest Expense	65.04
<b>Total Fixed Charges</b>	<b>65.04</b>
<b>TOTAL EXPENSES</b>	<b>15,824,699.69</b>
<b>NET (LOSS)/INCOME</b>	<b>2,456,093.09</b>

**Sierra Telephone**  
**Balance Sheet**  
**For the Six Months Ending June 30, 2022**

<b>ASSETS</b>	<b>CURRENT YEAR</b>
Current Assets	
Cash & Equivalents	7,550,345.96
Rec-Telecommunications	347,679.64
Receivables - Other	3,408,749.95
Allowance For Uncollectables	(36,525.00)
Inventories & Supplies	3,405,689.07
Prepaid Taxes & Expenses	1,120,201.79
Total Current Assets	<u>15,796,141.41</u>
Investments & Other Assets	
Other Investments	<u>5,955,428.79</u>
Total Investments & Other Assets	<u>5,955,428.79</u>
Property, Plant & Equipment	
Telecommunications Plant	223,441,565.18
Telecomm Plant Under Construction	8,805,691.03
Accumulated Depreciation	(155,371,997.18)
Total Property, Plant & Equipment	<u>76,875,259.03</u>
<b>TOTAL ASSETS</b>	<b><u>98,626,829.23</u></b>
<b>LIABILITIES &amp; STOCKHOLDERS EQUITY</b>	
Current Liabilities	
Accounts Payable	225,424.20
Affiliated Companies	161,785.94
Accrued Compensation	447,196.64
Accrued Post-Retirement Expense	726,600.00
Accrued Vacation & Sick	652,237.31
Accrued Income Taxes	2,351,829.00
Total Current Liabilities	<u>4,565,073.09</u>
Long-Term Debt and Other Liabilities	
Deferred Income Tax Liability	4,709,114.00
Other Deferred Credits	21,890,784.80
Total Long-Term Debt & Other Liabilities	<u>26,599,898.80</u>
Stockholders Equity	
Common Stock	40,000.00
Additional Paid-In Capital	10,532.95
Retained Earnings	64,191,205.30
Other Comprehensive Income (Loss)	1,764,026.00
Net Income	2,456,093.09
Total Stockholders Equity	<u>67,461,857.34</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b><u>98,626,829.23</u></b>

**Siskiyou**

SISKIYOU TELEPHONE COMPANY  
INCOME STATEMENT  
04/30/2022

1

		CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
<b>OPERATING REVENUES</b> =====				
LOCAL NETWORK SERVICE				
5001.0000	BASIC AREA REVENUE	369,211.83	369,882.75	(670.92)
5001.0100	BILLING SURCREDIT	0.00	0.00	0.00
5001.0200	LOCAL 8.57% SURCHARGE	0.00	0.00	0.00
5001.0300	LOCAL CHCF REVENUE	1,493,764.76	1,555,730.64	(61,965.88)
5040.0000	LOCAL PRIVATE LINE REVENUE	8,920.92	8,897.93	22.99
5050.0000	CUSTOMER PREMISES REVENUE	546.00	314.00	232.00
5050.1000	SIMPLE IW PLAN REVENUE	3,937.11	3,929.55	7.56
5050.1500	SIMPLE IW NONPLAN REVENUE	546.00	913.50	(367.50)
5050.2000	INC PLAN REVENUE	0.00	0.00	0.00
5050.2500	INC NONPLAN REVENUE	0.00	0.00	0.00
5060.0000	OTHER LOCAL EXCHANGE REVENUE	23,047.48	23,441.16	(393.68)
5060.1000	C.O. CONNECTS REVENUE	1,408.00	1,329.00	79.00
5060.2000	LINE EXTENSION REVENUE (MEMO)	0.00	0.00	0.00
5060.3000	VOICE MAIL REVENUE	4,972.67	5,040.32	(67.65)
5060.4000	LATA PIC CHANGE	57.50	47.75	9.75
	TOTAL LOCAL NETWORK SERVICE	1,906,412.27	1,969,526.60	(63,114.33)
NETWORK ACCESS SERVICE				
5081.0000	INTERSTATE ACCESS EU	103,522.22	103,991.21	(468.99)
5082.0000	INTERSTATE ACCESS CCL/TS	3,894,889.50	3,857,525.44	37,364.06
5084.0000	INTERLATA ACCESS CCL/TS	72,808.90	78,887.09	(6,078.19)
	TOTAL NETWORK ACCESS SERVICE	4,071,220.62	4,040,403.74	30,816.88
LONG DISTANCE SERVICE				
5100.2001	INTRALATA TOLL SETTLEMENT	0.00	0.00	0.00
5100.5000	ADMIN. TOLL REVENUE	0.00	0.00	0.00
5120.1000	LD PRIVATE NETWORK REVENUE	0.00	0.00	0.00
5160.0811	INTRALATA 811 REVENUE	0.00	0.00	0.00

SISKIYOU TELEPHONE COMPANY  
INCOME STATEMENT  
04/30/2022

2

	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
5160.0911 INTRALATA 911 REVENUE	17,894.80	17,894.80	0.00
	-----	-----	-----
TOTAL LONG DISTANCE SERVICE	17,894.80	17,894.80	0.00
MISCELLANEOUS REVENUES			
5230.0000 DIRECTORY REVENUE	5,287.56	5,586.08	(298.52)
5240.0000 RENT REVENUE	46,258.52	44,851.63	1,406.89
5250.0000 CORPORATE OPERATIONS REVENUE	0.00	0.00	0.00
5260.0000 MISCELLANEOUS REVENUE	11,321.07	5,489.62	5,831.45
5270.2000 B&C REVENUE	5,213.55	5,716.55	(503.00)
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	68,080.70	61,643.88	6,436.82
UNCOLLECTIBLE REVENUES			
5300.0000 UNCOLLECTIBLE LOCAL	(3,642.24)	614.83	(4,257.07)
5300.1000 UNCOLLECTIBLE INTRALATA	0.00	0.00	0.00
5300.2000 UNCOLLECTIBLE INTRASTATE	0.00	0.00	0.00
5300.3000 UNCOLLECTIBLE OTHER-MISC	0.00	0.00	0.00
5300.4000 UNCOLLECTIBLE ST ACCESS	0.00	0.00	0.00
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TOTAL UNCOLLECTIBLE REVENUES	(3,642.24)	614.83	4,257.07
TOTAL OPERATING REVENUES	6,059,966.15	6,090,083.85	(30,117.70)
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SISKIYOU TELEPHONE COMPANY  
INCOME STATEMENT  
04/30/2022

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**EXPENSES**  
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PLANT SPECIFIC OPERATIONS

	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
6112.0000 PS L. VEHICLE EXPENSE	655.08	(3,039.32)	3,694.40
6112.1000 NPS L. VEHICLE EXPENSE	18,398.48	10,123.68	8,274.80
6114.0000 S.P. VEHICLE EXPENSE	0.00	0.00	0.00
6115.0000 GARAGE WORK EQ. EXPENSE	0.00	0.00	0.00
6116.0000 OTHER WORK EQ. EXPENSE	1,496.68	0.00	1,496.68
6116.1000 OTHER L. WORK EQ. EXPENSE	0.00	0.00	0.00
6121.0000 LAND & BUILDINGS EXPENSE	250,133.45	162,554.33	87,579.12
6122.0000 FURNITURE & ART EXPENSE	285.25	0.00	285.25
6123.0000 OFFICE EQUIPMENT EXPENSE	37,255.78	18,649.46	18,606.32
6124.0000 G.P. COMPUTER EXPENSE	131,347.05	126,597.65	4,749.40
6212.2000 DIGITAL COE EXPENSE	99,579.76	92,060.33	7,519.43
6215.1500 ANALOG COE EXPENSE	0.00	0.00	0.00
6231.2000 MICROWAVE RADIO EXPENSE	75,656.77	77,963.82	(2,307.05)
6231.3000 TEL. MAINT. RADIO EXPENSE	0.00	0.00	0.00
6231.3000 LL/RR RADIO EXPENSE	685.34	0.00	685.34
6232.1000 TRUNK CIRCUIT EQ. EXPENSE	5,549.61	8,212.45	(2,662.84)
6232.2000 EAS CIRCUIT EQ. EXPENSE	0.00	0.00	0.00
6232.3000 R.R. CIRCUIT EQ. EXPENSE	0.00	0.00	0.00
6232.4000 SUB. CAR. EQ. EXPENSE	67,738.56	65,010.75	2,727.81
6232.5000 DMS CIRCUIT EQ. EXPENSE	0.00	0.00	0.00
6232.6000 DSL CIRCUIT EQ. EXPENSE	60,688.32	69,304.45	(8,616.13)
6232.7000 ETHERNET CIRCUIT EQ. EXPENSE	4,637.29	15,460.75	(10,823.46)
6362.0000 SIMPLE IW PLAN EXPENSE	16,683.08	32,091.07	(15,407.99)
6362.0500 SIMPLE IW NONPLAN EXPENSE	0.00	714.26	(714.26)
6411.0000 POLES EXPENSE	16,712.18	13,421.81	3,290.37
6411.1000 SS TOWERS/PASSIVE EXPENSE	0.00	0.00	0.00

SISKIYOU TELEPHONE COMPANY  
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	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
6421.0000 AERIAL CABLE EXPENSE	20,380.21	17,618.63	2,761.58
6422.0000 UNDERGROUND CABLE EXPENSE	68,818.88	70,838.95	(2,020.07)
6423.0000 BURIED CABLE EXPENSE	2,507.99	1,718.52	789.47
6426.0000 INC PLAN EXPENSE	0.00	0.00	0.00
6426.0500 INC NONPLAN EXPENSE	0.00	0.00	0.00
6431.0000 AERIAL WIRE EXPENSE	0.00	0.00	0.00
6441.0000 CONDUIT SYSTEMS EXPENSE	1,759.93	1,366.68	393.25
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TOTAL PLANT SPECIFIC OPERATIONS	880,969.69	780,668.27	100,301.42



SISKIYOU TELEPHONE COMPANY  
INCOME STATEMENT  
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	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
PLANT NONSPECIFIC OPERATIONS			
6512.0000 PROVISIONING EXPENSE	(27,899.54)	0.00	(27,899.54)
6531.0000 POWER EXPENSE	30,217.89	39,687.99	(9,470.10)
6532.0000 NETWORK ADMIN. EXPENSE	0.00	416.79	(416.79)
6533.0000 TESTING EXPENSE	40,771.38	39,232.13	1,539.25
6534.0000 PLANT OP. ADMIN. EXPENSE	96,383.84	93,067.54	3,316.30
6535.0000 ENGINEERING EXPENSE	233,643.86	192,799.28	40,844.58
6540.1000 ACCESS EXPENSE SB-OR	86,540.89	72,365.94	14,174.95
6561.0000 DEPRECIATION EXPENSE TPIS	2,099,716.56	1,892,417.12	207,299.44
6563.0000 AMORT. EXPENSE TANGIBLE	0.00	0.00	0.00
TOTAL PLANT NONSPECIFIC OPERATIONS	2,559,374.88	2,329,986.79	229,388.09
CUSTOMER OPERATIONS			
6612.0000 SALES EXPENSE	0.00	0.00	0.00
6613.0000 PRODUCT ADVERTISING EXPENSE	3,034.98	938.31	2,096.67
6621.0000 CALL COMP. SERVICES EXPENSE	0.00	0.00	0.00
6622.0000 NUMBER SERVICES EXPENSE	9,446.89	49,446.49	(39,999.60)
6623.0000 CUSTOMER SERVICE EXPENSE	224,940.04	220,370.01	4,570.03
6623.1000 TOLL BILLING EXPENSE	0.00	0.00	0.00
6623.2000 CABS BILLING EXPENSE	154.44	1,085.80	(931.36)
6623.3000 OTHER BILLING EXPENSE	46,072.08	49,464.79	(3,392.71)
6623.5000 EQ. ACC. MAINT. EXPENSE	102.02	182.64	(80.62)
TOTAL CUSTOMER OPERATIONS	283,750.45	321,488.04	(37,737.59)
CORPORATE OPERATIONS			
6711.0000 EXECUTIVE EXPENSE	359,934.24	277,215.26	82,718.98
6712.0000 PLANNING EXPENSE	0.00	0.00	0.00
6721.0000 ACCTG & FINANCE EXPENSE	327,811.50	308,320.04	19,491.46
6722.0000 EXTERNAL REL. EXPENSE	181,352.50	185,229.47	(3,876.97)
6723.0000 HUMAN RESOURCES EXPENSE	6,114.43	3,941.70	2,172.73
6724.0000 INFO. MGMT. EXPENSE	32,123.23	23,804.03	8,319.20

SISKIYOU TELEPHONE COMPANY  
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	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
6725.0000 LEGAL EXPENSE	125,079.45	64,860.00	60,219.45
6726.0000 PROCUREMENT EXPENSE	0.00	0.00	0.00
6727.0000 CORPORATE IMAGE ADV EXPENSE	36,672.38	4,294.83	32,377.55
6728.0000 OTHER G&A EXPENSE	65,420.88	73,914.75	(8,493.87)
6729.0000 ADMIN. TOLL EXPENSE	0.00	0.00	0.00
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TOTAL CORP. OPERATIONS EXPENSE	1,134,508.61	941,580.08	192,928.53
TOTAL OPERATIONS EXPENSE	4,858,603.63	4,373,723.18	484,880.45
NET OPERATING INCOME	1,201,362.52	1,716,360.67	(514,998.15)
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SISKIYOU TELEPHONE COMPANY  
INCOME STATEMENT  
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	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
CPE PLAN INCOME STATEMENT			
7990.1100 CPE PLAN REVENUE	0.00	0.00	0.00
7990.1105 CPE PLAN BAD DEBT	0.00	0.00	0.00
7990.1110 CPE PLAN EXP. LABOR	0.00	0.00	0.00
7990.1110 CPE PLAN EXP. BENEFITS	0.00	0.00	0.00
7990.1110 CPE PLAN EXP. RENTS	(1,763.08)	(1,808.12)	45.04
7990.1110 CPE PLAN EXP. OTHER	0.00	0.00	0.00
7990.1110 CPE PLAN EXP. CLEARANCES	0.00	0.00	0.00
CPE PLAN NET INCOME	(1,763.08)	(1,808.12)	45.04
CPE NONPLAN INCOME STATEMENT			
7990.1200 CPE NONPLAN REVENUE	0.00	0.00	0.00
7990.1205 CPE NONPLAN BAD DEBT	0.00	0.00	0.00
7990.1210 CPE NONPLAN EXP. LABOR	(96.41)	0.00	(96.41)
7990.1210 CPE NONPLAN EXP. BENEFITS	(50.37)	0.00	(50.37)
7990.1210 CPE NONPLAN EXP. RENTS	0.00	0.00	0.00
7990.1210 CPE NONPLAN EXP. OTHER	0.00	0.00	0.00
7990.1210 CPE NONPLAN EXP. CLEARANCES	(29.85)	0.00	(29.85)
CPE NONPLAN NET INCOME	(176.63)	0.00	(176.63)
CPE SALES INCOME STATEMENT			
7990.1300 CPE SALES REVENUE	506.23	515.86	(9.63)
7990.1305 CPE SALES BAD DEBT	0.00	0.00	0.00
7990.1400 CPE INTEREST REVENUE	0.00	0.00	0.00
7990.1310 CPE SALES EXP. LABOR	0.00	0.00	0.00
7990.1310 CPE SALES EXP. BENEFITS	0.00	0.00	0.00
7990.1310 CPE SALES EXP. RENTS	0.00	0.00	0.00
7990.1310 CPE SALES EXP. OTHER	0.00	0.00	0.00
7990.1341 CPE SALES EXP. CGS	(1,291.20)	(2,124.02)	832.82
7990.1342 CPE SALES EXP. ADVERT.	0.00	0.00	0.00
7990.1342 CPE SALES EXP. CLEARANCES	0.00	0.00	0.00

SISKIYOU TELEPHONE COMPANY  
INCOME STATEMENT  
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	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
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CPE SALES NET INCOME	(784.97)	(1,608.16)	823.19
COMPLEX IW PLAN INCOME STATEMENT			
7990.2100 COMPLEX IW PLAN REVENUE	96.00	104.00	(8.00)
7990.2105 COMPLEX IW PLAN BAD DEBT	0.00	0.00	0.00
7990.2110 COMPLEX IW PL EX. LABOR	0.00	(197.72)	197.72
7990.2110 COMPLEX IW PL EX. BENEFITS	0.00	(105.62)	105.62
7990.2110 COMPLEX IW PL EX. RENTS	0.00	0.00	0.00
7990.2110 COMPLEX IW PL EX. OTHER	0.00	0.00	0.00
7990.2110 COMPLEX IW PL EX. CLEARANCES	0.00	(59.47)	59.47
COMPLEX IW PLAN NET INCOME	96.00	(258.81)	354.81
COMPLEX IW NONPLAN INCOME STATEMENT			
7990.2200 COMPLEX IW NONPLAN REVENUE	0.00	0.00	0.00
7990.2205 COMPLEX IW NONPLAN BAD DEBT	0.00	0.00	0.00
7990.2210 COMPLEX IW NPL EX. LABOR	0.00	0.00	0.00
7990.2210 COMPLEX IW NPL EX. BENEFITS	0.00	0.00	0.00
7990.2210 COMPLEX IW NPL EX. RENTS	0.00	0.00	0.00
7990.2210 COMPLEX IW NPL EX. OTHER	0.00	0.00	0.00
7990.2210 COMPLEX IW NPL EX. CLEARANCE	0.00	0.00	0.00
COMPLEX IW NONPLAN NET INCOME	0.00	0.00	0.00
PUBLIC PHONE INCOME STATEMENT			
7990.2300 PUB PHN REVENUE COIN	0.00	0.00	0.00
7990.2301 PUB PHN REVENUE ACCESS	0.00	0.00	0.00
7990.2302 PUB PHN REVENUE PER CALL	317.15	618.11	(300.96)
7990.2305 PUB PHN BAD DEBT	0.00	0.00	0.00
7990.2310 PUB PHN EXP LABOR	(860.53)	(428.96)	(431.57)
7990.2310 PUB PHN EXP BENEFITS	(492.25)	(262.68)	(229.57)
7990.2310 PUB PHN EXP RENTS	(6,042.94)	(6,155.30)	112.36
7990.2310 PUB PHN EXP OTHER	(182.33)	(193.64)	11.31
7990.2344 PUB PHN EXP C GOODS SOLD	(1,323.40)	0.00	(1,323.40)

SISKIYOU TELEPHONE COMPANY  
INCOME STATEMENT  
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	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
7990.2345 PUB PHN EXP DEPRECIATION	(4.88)	(4.88)	0.00
7990.2310 PUB PHN EXP CLEARANCES	(133.02)	(131.72)	(1.30)
	-----	-----	-----
PUBLIC PHONE NET INCOME	(8,722.20)	(6,559.07)	(2,163.13)
MISCELLANEOUS REVENUE INCOME STATEMENT			
7990.3100 MISC. REVENUE	56.00	1,511.50	(1,455.50)
7990.3105 MISC. BAD DEBT	0.00	0.00	0.00
7990.3110 MISC. EXP. LABOR	(258.35)	(984.77)	726.42
7990.3110 MISC. EXP. BENEFITS	(102.54)	(630.90)	528.36
7990.3110 MISC. EXP. RENTS	0.00	0.00	0.00
7990.3110 MISC. EXP. OTHER	0.00	0.00	0.00
7990.3141 MISC. EXP. C. GOODS SOLD	0.00	0.00	0.00
MISC. EXP. CLEARANCES	(15.85)	(189.70)	173.85
	-----	-----	-----
MISCELLANEOUS NET INCOME	(320.74)	(293.87)	(26.87)
BELOW LINE REVENUE TYPE ITEMS			
7310.0000 DIVIDEND INCOME	0.00	0.00	0.00
7320.0000 INTEREST INCOME	501.21	452.92	48.29
7330.0000 ABANDONED CONST PROJECTS	0.00	0.00	0.00
7340.0000 ALLOW-FUND USE DURING CONST	0.00	0.00	0.00
7360.1000 CASH SURR. VALUE-KEY M.L.	0.00	0.00	0.00
7360.2000 GAINS/LOSSES ON INVESTMENT	0.00	0.00	0.00
7360.3000 NRTC PATRONAGE	9,268.83	0.00	9,268.83
7360.4000 GAINS/LOSS ON INV NTCA PENS.	0.00	0.00	0.00
7990.5000 INC. FROM MISC. PHYS. P	1,596.65	1,593.58	3.07
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TOTAL BELOW LINE REVENUE TYPE ITEMS	11,366.69	2,046.50	9,320.19
BELOW LINE EXPENSE TYPE ITEMS			
7210.0000 INVESTMENT TAX CREDIT	0.00	0.00	0.00
7220.0000 FEDERAL INCOME TAX	(270,873.37)	(439,954.56)	169,081.19
7230.0000 OPERATING TAX STATE INC.	(83,772.14)	(176,463.33)	92,691.19
7240.0000 OPERATING TAX PROPERTY	(258,225.40)	(256,561.16)	(1,664.24)

SISKIYOU TELEPHONE COMPANY  
INCOME STATEMENT  
04/30/2022

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	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
7241.0000 INTERSTATE TRS TAX	(9,599.92)	(7,074.63)	(2,525.29)
7250.1000 DEF. FED. INC. TX ACRS DR	0.00	0.00	0.00
7250.1100 DEF. FED. INC. TX PENSION	0.00	0.00	0.00
7250.2000 DEF. FED. INC. TX CAPINT	0.00	0.00	0.00
7250.2150 DEF. FED. INC. TX DEF. C	0.00	0.00	0.00
7250.2200 DEF. FED. INC. TX FRANCH	0.00	0.00	0.00
7250.3000 DEF. STATE INCOME TAX	0.00	0.00	0.00
7250.3100 DEF. STATE INCOME TAX PEN	0.00	0.00	0.00
7370.0000 MISC. INCOME CHARGES	(19,573.86)	(20,507.93)	934.07
7420.0000 NON-OP. FEDERAL INC. TAX	0.00	0.00	0.00
7420.0100 NON-OP. FEDERAL I/T	0.00	0.00	0.00
7430.0000 NON-OP. STATE INC. TAX	0.00	0.00	0.00
7430.0100 NON-OP. STATE I/T	0.00	0.00	0.00
7510.0000 INTEREST EXP. REA/RTB	0.00	0.00	0.00
7530.0000 AMORTIZATION OF LT DEBT	0.00	0.00	0.00
7540.0000 INTEREST EXPENSE	(60.77)	(61.51)	0.74
7990.6400 NON-REG. FEDERAL INC. TAX	0.00	0.00	0.00
7990.6500 NON-REG. STATE INC. TAX	0.00	0.00	0.00
7990.6550 NON-REG. DEFERRED I/T ST	0.00	0.00	0.00
8000.0000 PAYROLL CLEARINGS	0.00	0.00	0.00
9000.0000 UDT CLEARINGS	(72.00)	(72.00)	0.00
TOTAL BELOW LINE EXPENSE TYPE ITEMS	(642,177.46)	(900,695.12)	258,517.66
<b>GRAND TOTAL NET INCOME</b>	<b>558,880.13</b>	<b>807,184.02</b>	<b>(248,303.89)</b>

SISKIYOU TELEPHONE COMPANY  
BALANCE SHEET  
April 30, 2022

	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
<b>CURRENT &amp; OTHER ASSETS</b>			
1130.1000 COMMERCIAL ACCOUNT SVB	7,820,685.17	8,395,551.20	(574,866.03)
1130.2000 REA TRUSTEE ACCOUNT SVB	0.00	0.00	0.00
1130.3000 REA TRANSFER OF FUNDS SVB	0.00	0.00	0.00
1130.4000 COMMERCIAL ACCOUNT BANNER BANK	35,402.66	0.00	35,402.66
1130.4010 MONEY MARKET DEPOSITS SVB	0.00	0.00	0.00
1130.4120 MONEY MARKET DEPOSITS M.L.	1,080,640.09	1,080,108.45	531.64
1130.9000 CASH HOLDING DEPOSIT MGMT	0.00	0.00	0.00
1150.0000 PETTY CASH	1,100.00	1,100.00	0.00
1160.0000 TEMPORARY CASH INVESTMENT	0.00	0.00	0.00
1180.0000 A/R DUE FROM SUBSCRIBER	435,962.54	395,762.65	40,199.89
1180.9900 A/R DUE FROM SUBSCRIBERS HOLD	(191.00)	(92.00)	(99.00)
1190.1100 A/R SISKIYOU COMMUNICATIONS	5,848.06	4,739.15	1,108.91
1190.2400 A/R SISKIYOU LONG DISTANCE	2,985.78	1,901.65	1,084.13
1190.2700 A/R GOLDEN BEAR BROADBAND	264,580.59	165,083.72	99,496.87
1190.3000 A/R LIFELINE	50,966.64	59,378.00	(8,411.36)
1190.3400 A/R E-RATE	15,224.59	14,593.30	631.29
1190.3500 A/R TELECONNECT FUND SURCHARG	3,161.00	5,104.89	(1,943.89)
1190.4000 A/R AT&T	451,250.58	549,331.34	(98,080.76)
1190.4100 A/R OTHER IECS	74,290.51	70,848.33	3,442.18
1190.4500 A/R MISC FGC TERM. CAR.	13,621.36	18,543.60	(4,922.24)
1190.5000 A/R PB	0.00	0.00	0.00
1190.6000 A/R NECA/USIN	927,035.00	759,365.00	167,670.00
1190.7000 A/R DEAF/DISABLED/911	(88,324.07)	(75,555.51)	(12,768.56)
1190.8000 A/R MISCELLANEOUS	36,135.63	3,660,876.69	(3,624,741.06)
1190.9000 A/R CHCF	746,882.38	777,865.32	(30,982.94)
1200.0000 NOTES RECEIVABLE	0.00	0.00	0.00
1220.0000 MATERIALS & SUPPLIES	4,570,963.23	3,126,523.91	1,444,439.32
1300.0000 PREPAID TAXES	129,112.70	128,280.58	832.12
1300.1000 PREPAID TAXES VACATION	0.00	0.00	0.00
1310.0000 PREPAID INSURANCE	19,148.04	21,967.92	(2,819.88)
1330.0000 OTHER PREPAYMENTS	160,219.28	57,285.00	102,934.28
1401.0000 INVESTMENTS IN AFFIL. CO.	0.00	0.00	0.00
1401.1000 INVESTMENTS GOLDEN BEAR BB	2,466,524.43	2,149,683.43	316,841.00
1402.0000 OTHER INVESTMENTS	30,190.63	19,996.74	10,193.89
1406.1000 MISC. PHYSICAL PROPERTY	6,763.04	6,763.04	0.00
1406.2310 NON-REG. CPE INVENTORY	0.00	0.00	0.00
1406.2319 NON-REG. CPE DEPR. RES.	0.00	0.00	0.00
1406.2350 NON-REG. COIN PHONES	59,692.28	59,692.28	0.00
1406.2359 NON-REG. COIN PHONES DEP RES	(59,692.28)	(59,692.28)	0.00
1406.2360 NON-REG. COINLESS PHONES	1,376.60	1,376.60	0.00
1406.2369 NON-REG. COINLESS PHONES DEP	(230.03)	(215.39)	(14.64)
1406.2370 NON-REG INVEST INTRNT EQ	0.00	0.00	0.00
1406.2379 NON-REG INTERNET DEP RES	0.00	0.00	0.00
1406.2380 NON-REG. NTRC PATRONAGE	124,835.05	126,893.50	(2,058.45)
1406.2400 NON-REG. INC. TAX PAY.	0.00	0.00	0.00
1406.2500 NON-REG. DEFERRED I/T ST	0.00	0.00	0.00
1406.3000 NON-REG. INVESTMENTS NI	(37,738.13)	(37,738.13)	0.00
1406.3100 NON-REG. INVEST RE OFFSET	37,738.13	37,738.13	0.00
1410.0000 OTHER NONCURRENT ASSETS	886,904.71	912,744.31	(25,839.60)
1439.0000 TOTAL DEFERRED CHARGES	0.00	0.00	0.00
TOTAL CURRENT & OTHER ASSETS	20,273,065.19	22,435,805.42	(2,162,740.23)
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>			
2002.0000 PROPERTY HELD FOR FUTURE USE	0.00	0.00	0.00
2003.0000 PLANT UNDER CONSTRUCTION	7,569,567.07	5,125,542.46	2,444,024.61
2004.0000 PLANT UNDER CONSTRUCTION L.T.	0.00	0.00	0.00

SISKIYOU TELEPHONE COMPANY  
BALANCE SHEET  
April 30, 2022

	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
2111.0000 LAND	390,535.75	390,535.75	0.00
2112.0000 VEHICLES LICENSED PLANT SPEC.	2,154,747.78	2,055,350.54	99,397.24
2112.1000 VEHICLES LICENSED NPS	175,033.49	175,033.49	0.00
2114.0000 VEHICLES SPECIAL PURPOSE	224,254.48	224,254.48	0.00
2115.0000 WORK EQUIPMENT GARAGE	0.00	0.00	0.00
2116.0000 WORK EQUIPMENT OTHER	1,480,718.56	1,461,224.70	19,493.86
2116.1000 WORK EQUIPMENT OTHER LICENSED	437,386.49	436,567.49	819.00
2121.0000 BUILDINGS	6,188,063.81	6,136,703.39	51,360.42
2121.1000 BUILDINGS MICROWAVE	250,737.32	250,737.32	0.00
2121.2000 BUILDINGS DMS	82,727.92	82,727.92	0.00
2121.3000 BUILDINGS RR	80,104.00	80,104.00	0.00
2122.0000 FURNITURE	324,102.45	320,584.65	3,517.80
2123.1000 OFFICE EQUIPMENT	99,321.99	103,118.63	(3,796.64)
2123.2000 OFFICIAL COMMUNICATION EO	97,120.26	97,120.26	0.00
2124.0000 COMPUTERS GENERAL PURPOSE	614,445.51	562,991.70	51,453.81
2124.0300 COMPUTERS GP SOFTWARE	139,618.74	139,618.74	0.00
2212.0000 C.O.E. DIGITAL	2,793,095.54	2,235,670.70	557,424.84
2212.0300 C.O.E. DIGITAL SOFTWARE	358,681.51	325,817.81	32,863.70
2220.0000 OPERATOR SYSTEMS	0.00	0.00	0.00
2231.2200 RADIO MW DIGITAL	3,037,030.38	3,008,190.48	28,839.90
2231.3500 RADIO TM ANALOG	20,297.16	20,297.16	0.00
2231.4200 RADIO LL DIGITAL	22,689.53	22,689.53	0.00
2231.4500 RADIO RR ANALOG	22,712.14	22,173.89	538.25
2232.1200 C.E. TRK CAR DIGITAL	221,657.53	221,231.96	425.57
2232.1600 C.E. OPT CAR DIGITAL	2,875,299.66	2,737,187.38	138,112.28
2232.2200 C.E. EAS CAR DIGITAL	0.00	0.00	0.00
2232.2500 C.E. EAS CAR ANALOG	0.00	0.00	0.00
2232.4200 C.E. SUB CAR DIGITAL	1,236,795.06	1,182,074.28	54,720.78
2232.6200 C.E. DSL	1,791,800.06	1,791,871.41	(71.35)
2232.7200 C.E. ETHERNET	1,751,266.31	1,509,974.78	241,291.53
2321.0000 CUSTOMER PREMISES WIRING	0.00	0.00	0.00
2351.0000 PUB. PHONE EQ. COIN	0.00	0.00	0.00
2411.0000 POLES	892,871.83	904,378.98	(11,507.15)
2411.1000 POLES SS TOWERS & PASSIVE	499,442.47	499,442.47	0.00
2421.0000 AERIAL CABLE M	2,956,780.52	3,046,045.12	(89,264.60)
2421.1000 AERIAL CABLE NM	188,377.39	188,377.39	0.00
2422.0000 UNDERGROUND CABLE M	32,079,899.24	29,698,738.06	2,381,161.18
2422.1000 UNDERGROUND CABLE NM	13,557,053.74	12,969,770.89	587,282.85
2423.0000 BURIED CABLE M	4,883,540.55	5,210,063.75	(326,523.20)
2423.1000 BURIED CABLE NM	262,290.61	267,698.22	(5,407.61)
2431.0000 AERIAL WIRE	0.00	0.00	0.00
2441.0000 UNDERGROUND CONDUIT	49,286,303.17	46,928,686.29	2,357,616.88
2682.1389 LEASEHOLD IMPROVEMENT SB	0.00	0.00	0.00
2682.1889 LEASEHOLD IMPROVEMENT SM	0.00	0.00	0.00
TOTAL PROPERTY, PLANT & EQUIPMENT	139,046,370.02	130,432,596.07	8,613,773.95

**ACCUMULATED DEPR./AMORT.**

3211.2000 A.D. VEH LIC PLANT SPECIFIC	(2,031,996.65)	(1,889,895.34)	(142,101.31)
3211.2100 A.D. VEH LIC NON-PLANT SPEC	(64,138.74)	(49,645.98)	(14,492.76)
3211.4000 A.D. VEH SPECIAL PURPOSE	(116,388.23)	(91,181.15)	(25,207.08)
3211.5000 A.D. WORK EQ GARAGE	0.00	0.00	0.00
3211.6000 A.D. WORK EQ OTHER	(1,119,351.63)	(1,013,380.96)	(105,970.67)
3211.6100 A.D. WORK EQ OTHER-L	(282,255.50)	(250,855.39)	(31,400.11)
3212.1000 A.D. BUILDINGS	(4,669,559.02)	(4,514,543.57)	(155,015.45)
3212.1100 A.D. BUILDINGS MW	(216,678.78)	(210,384.18)	(6,294.60)
3212.1200 A.D. BUILDINGS DMS	(71,231.21)	(70,322.45)	(908.76)
3212.1300 A.D. BUILDINGS RR	(77,276.38)	(75,265.54)	(2,010.84)
3212.2000 A.D. FURNITURE	(324,102.45)	(320,584.65)	(3,517.80)



SISKIYOU TELEPHONE COMPANY  
BALANCE SHEET  
April 30, 2022

	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
3212.3100 A.D. OFFICE EQUIPMENT	(99,321.99)	(103,118.63)	3,796.64
3212.3200 A.D. OFFICE COMM. EQUIPMENT	(97,120.26)	(97,120.26)	0.00
3212.4000 A.D. COMPUTERS	(577,608.81)	(564,862.85)	(12,745.96)
3212.4030 A.D. COMPUTER SOFTWARE	(139,618.74)	(139,618.74)	0.00
3221.2020 A.D. COE DIGITAL	(2,261,699.66)	(2,235,344.95)	(26,354.71)
3221.2030 A.D. COE DIGITAL SOFTWARE	(240,966.46)	(228,500.06)	(12,466.40)
3221.5150 A.D. COE ANALOG	0.00	0.00	0.00
3222.0000 A.D. OPERATOR SYSTEMS	0.00	0.00	0.00
3223.1030 A.D. RADIO MW D SW	0.00	0.00	0.00
3223.1220 A.D. RADIO MW DIGITAL	(3,025,117.67)	(2,979,037.19)	(46,080.48)
3223.1320 A.D. RADIO TM DIGITAL	0.00	0.00	0.00
3223.1350 A.D. RADIO TM ANALOG	(18,421.61)	(15,419.57)	(3,002.04)
3223.1420 A.D. RADIO LL DIGITAL	(21,391.30)	(21,391.30)	0.00
3223.1450 A.D. RADIO RR ANALOG	(22,457.12)	(22,173.89)	(283.23)
3223.2120 A.D. C.E. TRK CAR D	(232,200.63)	(210,801.64)	(21,398.99)
3223.2160 A.D. C.E. OPT CAR D	(2,292,532.88)	(1,972,554.82)	(319,978.06)
3223.2220 A.D. C.E. EAS CAR D	0.00	0.00	0.00
3223.2250 A.D. C.E. EAS CAR A	0.00	0.00	0.00
3223.2320 A.D. C.E. RR CAR D	0.00	0.00	0.00
3223.2350 A.D. C.E. RR CAR A	0.00	0.00	0.00
3223.2420 A.D. C.E. SUB CAR D	(1,221,433.01)	(1,169,552.97)	(51,880.04)
3223.2520 A.D. C.E. DMS1 CAR D	0.00	0.00	0.00
3223.2620 A.D. C.E. DSL	(1,194,309.04)	(1,002,957.71)	(191,351.33)
3223.2720 A.D. C.E. ETHERNET	(690,328.03)	(531,874.45)	(158,453.58)
3232.1000 A.D. CUST PREM WIRE	0.00	0.00	0.00
3235.1000 A.D. P TEL EQ C	0.00	0.00	0.00
3235.1100 A.D. P TEL EQ CL	0.00	0.00	0.00
3241.1000 A.D. POLES	(544,375.38)	(543,838.22)	(537.16)
3241.1100 A.D. SS TOWERS & POLES	(499,442.47)	(499,442.47)	0.00
3242.1000 A.D. AERIAL CABLE M	(1,817,225.86)	(1,772,215.21)	(45,010.65)
3242.1100 A.D. AERIAL CABLE NM	(13,836.55)	(5,529.07)	(8,307.48)
3242.2000 A.D. UNDERGROUND CABLE M	(16,221,197.90)	(14,830,118.06)	(1,391,079.84)
3242.2100 A.D. UNDERGROUND CABLE NM	(6,029,656.64)	(5,547,937.94)	(481,718.70)
3242.3000 A.D. BURIED CABLE M	(4,847,624.43)	(5,183,919.32)	336,294.89
3242.3100 A.D. BURIED CABLE NM	(260,809.30)	(262,712.35)	1,903.05
3243.1000 A.D. AERIAL WIRE	0.00	0.00	0.00
3244.1000 A.D. UNDERGROUND CONDUIT	(18,042,718.76)	(16,164,429.83)	(1,878,288.93)
3420.1000 A.A. MW L-HOLD IMPR AMOR	0.00	0.00	0.00
TOTAL ACCUMULATED DEPR/AMORT	(69,384,393.09)	(64,590,530.71)	(4,793,862.38)
TOTAL ASSETS	89,935,042.12	88,277,870.78	1,657,171.34

**CURRENT LIABILITIES**

4010.0000 A/P BILLS	873,225.70	641,407.02	231,818.68
4010.1000 A/P OTHER	270,978.80	169,652.95	101,325.85
4020.0000 NOTES PAYABLE	0.00	0.00	0.00
4030.0000 ADVANCE BILLINGS & PREPAY	93,576.22	92,537.23	1,038.99
4040.0000 CUSTOMER DEPOSITS	2,041.46	2,066.46	(25.00)
4040.1000 CUSTOMER DEPOSIT INTEREST PAY	573.95	421.24	152.71
4050.0000 CURRENT MATURITIES LTD	0.00	0.00	0.00
4070.1000 TAXES PAYABLE FED INC	(60,126.15)	439,955.04	(500,081.19)
4070.2000 TAXES PAYABLE STATE INC	(127,227.68)	136,063.51	(263,291.19)
4080.0000 TAXES PAYABLE PAYROLL	20,630.48	(12,938.62)	33,569.10
4080.0070 TAXES PAYABLE PROPERTY	0.00	0.00	0.00
4100.0000 ACCUM DEF INCOME TAXES	0.00	0.00	0.00
4110.0000 NET CUR DEF NON-OP I TX	0.00	0.00	0.00

SISKIYOU TELEPHONE COMPANY  
BALANCE SHEET  
April 30, 2022

	CURRENT YEAR TO DATE	LAST YEAR TO DATE	DIFFERENCE
4120.0000 A/P PAYROLL	172,863.69	174,289.59	(1,425.90)
4120.1000 VACATION PAYABLE	252,802.17	238,979.26	13,822.91
4120.2000 INTEREST PAYABLE REA	0.00	0.00	0.00
4120.3000 INTEREST PAYABLE RTB	0.00	0.00	0.00
4120.4000 DIVIDENDS PAYABLE	0.00	0.00	0.00
4130.0000 OTHER CURRENT LIABILITIES	(30,814.23)	(74,044.73)	43,230.50
	-----	-----	-----
TOTAL CURRENT LIABILITIES	1,468,524.41	1,808,388.95	(339,864.54)
<b>LONG TERM DEBT</b>			
4210.0100 LONG TERM DEBT REA	0.00	0.00	0.00
4210.0200 LONG TERM DEBT RTB	0.00	0.00	0.00
4210.1105 REA UNADVANCED	0.00	0.00	0.00
4210.1200 RTB UNADVANCED	0.00	0.00	0.00
4210.2100 DEFERRED INTEREST REA	0.00	0.00	0.00
4210.3100 ADVANCED PAYMENTS REA	0.00	0.00	0.00
4210.4000 CURRENT MATURITIES LTD	0.00	0.00	0.00
4230.0000 DISCOUNT ON LT DEBT	0.00	0.00	0.00
4320.0000 DEFERRED INV TAX CREDITS	0.00	0.00	0.00
4340.0000 DEFERRED INCOME TAX	5,040,000.00	0.00	5,040,000.00
4350.0000 DEFERRED NON-OP INC TAX	0.00	0.00	0.00
4360.0000 DEFERRED CREDITS	0.00	0.00	0.00
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TOTAL LONG TERM DEBT	5,040,000.00	0.00	5,040,000.00
<b>STOCKHOLDERS' EQUITY</b>			
4510.0000 CAPITAL STOCK COMMON	10,000.00	10,000.00	0.00
4510.1000 CAPITAL STOCK 5.75% PREF	0.00	0.00	0.00
4520.0000 ADDITIONAL PAID IN CAPITAL	18,400,000.00	18,400,000.00	0.00
4530.0000 DISTRIBUTIONS	(21,835,494.00)	(21,835,494.00)	0.00
4540.0000 OTHER CAPITAL SURPLUS	6,957.00	6,957.00	0.00
4550.0000 RETAINED EARNINGS C CORP	61,798,536.13	62,887,785.36	(1,089,249.23)
4555.0000 RETAINED EARNINGS S CORP	24,487,638.45	26,193,049.45	(1,705,411.00)
NPL CURRENT YEAR NET INCOME	558,880.13	807,184.02	(248,303.89)
	-----	-----	-----
TOTAL STOCKHOLDERS' EQUITY	83,426,517.71	86,469,481.83	(3,042,964.12)
 TOTAL LIABILITIES AND CAPITAL	 89,935,042.12	 88,277,870.78	 1,657,171.34
	=====	=====	=====

# Volcano

**Volcano Telephone Company**  
**Balance Sheet**  
**June 30, 2022**

	<u>6/30/2022</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 4,529,384
Temporary cash investments	1,562,643
Total cash	<u>6,092,027</u>
Subscriber accounts receivable	125,368
Settlement and access account receivable	1,402,080
Accounts receivable - affiliate	827,149
Materials and supplies	4,302,711
Prepaid taxes	-
Prepaid insurance	15,656
Other prepayments	435,713
Sub-total	<u>7,108,677</u>
Total current assets	<u>13,200,704</u>
NONCURRENT ASSETS	
Investments in nonaffiliated	680,225
Nonregulated Investments	69,617
Unamortized debt issuance expense	2,082
Deferred charges	-
Total noncurrent assets	<u>751,924</u>
PROPERTY, PLANT, AND EQUIPMENT	
Plant in service	98,461,753
Plant under construction	4,584,319
Accumulated depreciation	<u>(67,347,317)</u>
Net property, plant and equipment	<u>35,698,755</u>
TOTAL ASSETS	<u>\$ 49,651,383</u>

**Volcano Telephone Company**  
**Balance Sheet (Continued)**  
**June 30, 2022**

LIABILITIES AND STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES	
Accounts payable	\$ 278,470
Accounts payable - affiliate companies	5,926,675
Customer deposits	13,520
Current maturities - long term debt	910,000
Accrued income taxes	685,902
Accrued other taxes	65,314
Net current deferred oper. Income taxes	61,746
Net current deferred nonoper. Income Taxes	(27,745)
Other accrued liabilities	597,471
Total current liabilities	<u>8,511,353</u>
NONCURRENT LIABILITIES	
Funded long term debt	4,842,137
Noncurrent deferred operating income taxes	2,329,848
Noncurrent deferred nonoperating income taxes	-
Total noncurrent liabilities	<u>2,329,848</u>
STOCKHOLDER'S EQUITY	
Accumulated other comprehensive income	30,558
Capital stock	1,354,125
Retained earnings	32,162,744
Net income	420,617
Dividends	-
Total Stockholders equity	<u>33,968,044</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 49,651,382</u>

**Volcano Telephone Company**  
**Statements of Income**  
**June 30, 2022**

OPERATING REVENUES

Local network services	\$ 1,566,517
State high cost support	1,896,497
Federal universal service	919,414
Intrastate access services	124,816
Interstate access services	2,598,246
Miscellaneous	394,670
Uncollectible	(18,990)
Total operating revenue	<u>7,481,170</u>

OPERATING EXPENSES

Plant specific	1,289,467
Plant non-specific	940,954
Depreciation	2,272,883
Commercial	523,090
Corporate operations	1,450,363
Total operating expenses	<u>6,476,757</u>

OPERATING TAXES

Operating federal income taxes	164,100
Operating state income taxes	69,200
Taxes other than income	221,595
Total operating taxes	<u>454,895</u>

NET OPERATING INCOME

549,518

NON OPERATING INCOME AND EXPENSE

Interest income	15,290
Allowance for funds used during construction	69,538
Nonoperating income (expense), net	(34,539)
Total nonoperating income and expense	<u>50,289</u>

NON OPERATING TAXES

Nonoperating federal income taxes	2,574
Nonoperating state and local income tax	1,189
Total Nonoperating Taxes	3,763

INTEREST AND RELATED ITEMS

Interest on funded debt	175,178
Amortization of debt expense	249
Total interest and related items	<u>175,427</u>

NET INCOME	<u>\$ 420,617</u>
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# Exhibit D

# Calaveras



**CALAVERAS TELEPHONE COMPANY**

DEBT Line No.	12/31/2021			12/31/2020			12/31/2019			12/31/2018			12/31/2017		
	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount
Source: Form M sche. B-10 or Audit Report notes															
RUS 12060 RET 6-1	-	5.22%	-	-	5.22%	-	108,330	5.22%	5,651	214,992	5.22%	11,215	316,155	5.22%	16,493
RUS 12061 RET 6-2	-	4.72%	-	-	4.72%	-	58,940	4.72%	2,784	116,901	4.72%	5,522	172,134	4.72%	8,132
RUS 12062 RET 6-3	-	5.22%	-	-	5.22%	-	14,535	4.37%	634	28,703	4.37%	1,253	42,255	4.37%	1,844
RUS 12063 RET 6-4	-	4.72%	-	-	4.72%	-	19,692	4.67%	920	38,866	4.67%	1,816	57,147	4.67%	2,670
RUS 12064 RET 6-5	-	4.37%	-	-	4.37%	-	77,255	4.44%	3,430	153,109	4.44%	6,798	225,604	4.44%	10,017
RUS 12065 RET 6-6	-	4.67%	-	-	4.67%	-	33,595	4.58%	1,539	66,405	4.58%	3,043	97,718	4.58%	4,477
RUS 12066 RET 6-8	-	4.44%	-	-	4.44%	-	26,788	4.82%	1,292	52,525	4.82%	2,534	77,026	4.82%	3,716
RUS 12067 RET 6-9	-	4.58%	-	-	4.58%	-	36,555	4.68%	1,709	71,624	4.68%	3,349	105,060	4.68%	4,913
RUS 12068 RET 6-10	-	4.82%	-	-	4.82%	-	12,308	4.71%	580	24,210	4.71%	1,141	35,552	4.71%	1,676
RTB 2-1	-	4.68%	-	-	4.68%	-	38,618	5.84%	2,255	75,352	5.84%	4,401	109,308	5.84%	6,384
RTB 2-2	-	4.71%	-	-	4.71%	-	17,301	5.84%	1,010	33,758	5.84%	1,971	49,264	5.84%	2,877
RTB 2-3	-	5.84%	-	-	5.84%	-	23,483	5.84%	1,371	45,942	5.84%	2,683	67,209	5.84%	3,925
RTB 2-4	-	5.84%	-	-	5.84%	-	61,003	5.84%	3,563	119,340	5.84%	6,969	174,581	5.84%	10,196
RTB 2-5	-	5.84%	-	-	5.84%	-	11,974	5.10%	611	23,636	5.10%	1,205	34,755	5.10%	1,773
RTB 2-6	-	5.84%	-	-	5.84%	-	12,128	5.10%	619	23,939	5.10%	1,221	35,201	5.10%	1,795
RTB 2-7	-	5.10%	-	-	5.10%	-	4,127	5.10%	210	8,148	5.10%	416	11,981	5.10%	611
RTB 2-8	-	5.10%	-	-	5.10%	-	6,702	5.10%	342	13,229	5.10%	675	19,452	5.10%	992
RTB 2-9	-	5.10%	-	-	5.10%	-	22,901	5.10%	1,168	45,205	5.10%	2,305	66,471	5.10%	3,390
RTB 2-10	-	5.10%	-	-	5.10%	-	14,061	5.13%	721	27,630	5.13%	1,417	40,565	5.13%	2,081
RTB 2-11	-	5.10%	-	-	5.10%	-	41,901	5.13%	2,150	82,151	5.13%	4,214	120,349	5.13%	6,174
BBL 1-1	-	2.92%	-	-	2.92%	-	-	2.92%	-	-	3.69%	-	5,631	3.69%	208
BBL 2-2	-	2.75%	-	-	2.75%	-	-	5.17%	-	-	5.17%	-	30,963	5.17%	1,601
BBL 2-3	-	4.62%	-	-	4.62%	-	-	4.62%	-	775	4.62%	36	15,467	4.62%	715
BBL 2-4	-	4.75%	-	-	4.75%	-	-	4.75%	-	776	4.75%	37	14,687	4.75%	698
BBL 2-5	-	4.67%	-	-	4.67%	-	-	4.67%	-	2,915	4.67%	136	37,733	4.67%	1,762
BBL 2-6	-	5.07%	-	-	5.07%	-	-	5.07%	-	2,995	5.07%	152	39,184	5.07%	1,987
BBL 2-7	-	4.66%	-	-	4.66%	-	-	4.66%	-	485	4.66%	23	6,419	4.66%	299

## EQUITY

**Source: Form M Schedule B-1 or Audit Report**

Line No.	Account number	Account Title					
125	4510	Capital stock	25,000	25,000	25,000	25,000	25,000
126	4520	Additional paid-in capital					
127	4530	Treasury stock					
128	4540	Other capital	10,136	10,136	10,136	14,026	192,250
129	4550	Retained earnings	<u>15,173,558</u>	<u>13,514,308</u>	<u>12,927,118</u>	<u>11,660,624</u>	<u>10,330,321</u>
130	440	Total Stockholders' Equity	15,208,694	13,549,444	12,962,254	11,699,650	10,547,571

### CAPITAL STRUCTURE/COST OF CAPITAL/WEIGHTED COST OF CAPITAL

	Amount	Percent	Cost of	Weighted	Amount	Percent	Cost of	Weighted	Amount	Percent	Cost of	Weighted	Amount	Percent	Cost of	Weighted	Amount	Percent	Cost of	Weighted
		Capital	Capital	Cost of Capital		Capital	Capital	Cost of Capital		Capital	Capital	Cost of Capital		Capital	Capital	Cost of Capital		Capital	Capital	Cost of Capital
Debt	615,739	3.9%	2.835%	0.100%	659,076	4.6%	2.834%	0.100%	1,343,993	9.4%	3.903%	0.400%	2,031,547	14.8%	4.241%	0.600%	2,989,892	22.1%	4.386%	1.000%
Equity (See Note)	15,208,694	96.1%	<b>9.168%</b>	8.810%	13,549,444	95.4%	<b>9.235%</b>	8.810%	12,962,254	90.6%	<b>9.393%</b>	8.510%	11,699,650	85.2%	<b>9.754%</b>	8.310%	10,547,571	77.9%	<b>11.553%</b>	9.000%
Totals	15,824,433	100.000%		8.910%	14,208,520	100.000%		8.910%	14,306,247	100.000%		8.910%	13,731,197	100.000%		8.910%	13,537,463	100.000%		10.000%

NOTE: RETURN ON EQUITY IS IMPLIED (NOT ACTUAL) BASED ON AUTHORIZED COST OF CAPITAL APPROVED IN D.16-12-035 IN EFFECT DURING THE 2017-2021 PERIOD

# Cal-Ore

CAL-ORE TELEPHONE COMPANY																						
			12/31/2021				12/31/2020				12/31/2019				12/31/2018				12/31/2017			
DEBT																						
Line			Amount	Interest	Rate times		Amount	Interest	Rate times		Amount	Interest	Rate times		Amount	Interest	Rate times		Amount			
No.				Rate	Amount			Rate	Amount			Rate	Amount			Rate	Amount					
Source: Form M sche. B-10 or Audit Report notes																						
	RUS				-				-					-				-				
	RTB				-				-					-				-				
	Total (Form M Sch. I-1)		-	0.000%	-		-	0.000%	-		-	0.000%	-		-	0.000%	-		-			
EQUITY																						
Source: Form M Schedule B-1 or Audit Report																						
Line	Account	Account																				
No.	number	Title																				
125	4510	Capital stock	47,800				47,800				47,800				47,800				47,800			
126	4520	Additional paid-in capital																				
127	4530	Treasury stock																				
128	4540	Other capital	2,310,800				2,310,800				2,310,800				2,310,800				2,310,800			
129	4550	Retained earnings	20,220,541				19,673,447				18,843,075				18,146,102				17,716,891			
130	440	Total Stockholders' Equity	22,579,141				22,032,047				21,201,675				20,504,702				20,075,491			
CAPITAL STRUCTURE/COST OF CAPITAL/WEIGHTED COST OF CAPITAL																						
	Amount	Percent	Cost of	Weighted		Amount	Percent	Cost of	Weighted		Amount	Percent	Cost of	Weighted		Amount	Percent	Cost of	Weighted			
		Capital	Capital	Cost of Capital			Capital	Capital	Cost of Capital			Capital	Capital	Cost of Capital			Capital	Capital	Cost of Capital			
Debt	-	0.0%	0.000%	0.000%		-	0.0%	0.000%	0.000%		-	0.0%	0.000%	0.000%		-	0.0%	0.000%	0.000%			
Equity (See Note)	22,579,141	100.0%	8.920%	8.920%		22,032,047	100.0%	8.920%	8.920%		21,201,675	100.0%	8.920%	8.920%		20,504,702	100.0%	8.920%	8.920%			
Totals	22,579,141	100.000%		8.920%		22,032,047	100.000%		8.920%		21,201,675	100.000%		8.920%		20,504,702	100.000%		10.000%			
NOTE: RETURN ON EQUITY IS IMPLIED (NOT ACTUAL) BASED ON AUTHORIZED COST OF CAPITAL APPROVED IN D.16-12-035 IN EFFECT DURING THE 2017-2021 PERIOD																						

**Ducor**

DUCOR TELEPHONE COMPANY																			
		12/31/2017			12/31/2018			12/31/2019			12/31/2020			12/31/2021					
DEBT	Line		Amount	Interest Rate	Rate times Amount		Amount	Interest Rate	Rate times Amount		Amount	Interest Rate	Rate times Amount		Amount	Interest Rate	Rate times Amount		
	No.																		
Source: Form M sche. B-10 or Audit Report notes																			
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# Foresthill

**FORESTHILL TELEPHONE COMPANY**

## DEBT

Line No.	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount
Source: Form M sche. B-10 or Audit Report notes															
Rural Utilities Service	0	4.9000%	0	789,534	4.90%	38,707	1,851,291	4.9025%	90,760	2,859,469	4.90%	140,185	3,821,142	4.90%	187,331
Rural Utilities Service	0	4.8800%	0	138,245	4.89%	6,755	319,951	4.8860%	15,633	492,514	4.89%	24,064	657,142	4.89%	32,108
Rural Utilities Service	0	4.6020%	0	134,908	4.60%	6,208	314,293	4.6020%	14,464	485,166	4.60%	22,327	648,625	4.60%	29,850
Rural Utilities Service	1,512,704	3.6200%	54,760	1,588,710	3.62%	57,511	1,664,440	3.6200%	60,253	1,734,966	3.62%	62,806	1,803,544	3.62%	65,288
Rural Utilities Service	256,452	2.2532%	5,778	270,864	2.25%	6,103	285,267	2.2532%	6,428	299,080	2.25%	6,739	312,644	2.25%	7,044
Rural Utilities Service	593,740	2.1006%	12,472	627,545	2.10%	13,182	661,321	2.1006%	13,892	693,814	2.10%	14,574	725,758	2.10%	15,245
Rural Utilities Service	907,931	2.6648%	24,195	957,179	2.66%	25,507	1,006,433	2.6648%	26,819	1,053,269	2.66%	28,068	1,099,120	2.66%	29,289
Rural Utilities Service	922,593	2.0145%	18,586	975,505	2.01%	19,608	1,028,368	2.0100%	20,670	1,079,309	2.01%	21,694	1,129,423	2.01%	22,701
Rural Utilities Service	340,893	2.8040%	9,559	359,164	2.80%	10,057	377,443	2.8000%	10,568	394,775	2.80%	11,054	411,725	2.80%	11,528
Rural Utilities Service	544,977	2.5408%	13,847	574,855	2.54%	14,601	604,729	2.5400%	15,360	633,224	2.54%	16,084	661132	2.54%	16,793
Rural Telephone Bank	0	5.0000%	0	51,021	5.00%	2,551	118,343	5.0000%	5,917	182,201	5.00%	9,110	243056	5.00%	12,153
Rural Telephone Bank	0	5.0000%	0	24,894	5.00%	1,245	57,609	5.0000%	2,880	88,641	5.00%	4,432	118213	5.00%	5,911
Rural Telephone Bank	0	3.6200%	0	134,604	5.00%	6,730	310,545	5.0000%	15,527	477,431	5.00%	23,872	636468	5.00%	31,823
Rural Telephone Bank				94,775	5.00%	4,739	217,315	5.000%	10,866	333,546	5.00%	16,677	444,312	5.00%	22,216
	5,079,290	2.740%	139,196	6,721,803	3.176%	213,504	8,817,348	3.516%	310,037	10,807,407	3.717%	401,686	12,712,304	3.849%	489,281

## EQUITY

**Source: Form M Schedule B-1 or Audit Report**

Line No.	Account number	Account Title					
125	4510	Capital stock	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
126	4520	Additional paid-in capital	-	-	-	-	-
127	4530	Treasury stock					
128	4540	Other capital					
129	4550	Retained earnings	<u>6,666,302</u>	<u>5,617,000</u>	<u>4,081,000</u>	<u>3,202,000</u>	<u>2,869,000</u>
130	440	Total Stockholders' Equity	10,666,302	9,617,000	8,081,000	7,202,000	6,869,000

### CAPITAL STRUCTURE/COST OF CAPITAL/WEIGHTED COST OF CAPITAL

	Amount	Percent	Cost of	Weighted		Amount	Percent	Cost of	Weighted		Amount	Percent	Cost of	Weighted		Amount	Percent	Cost of	Weighted
		Capital	Capital	Cost of Capital			Capital	Capital	Cost of Capital			Capital	Capital	Cost of Capital			Capital	Capital	Cost of Capital
Debt	5,079,290	32.3%	2.740%	0.900%		6,721,803	41.1%	3.176%	1.300%		8,817,348	52.2%	3.516%	1.800%		10,807,407	60.0%	3.717%	2.200%
Equity (See Note)	10,666,302	67.7%	11.950%	8.090%		9,617,000	58.9%	13.056%	7.690%		8,081,000	47.8%	15.042%	7.190%		7,202,000	40.0%	19.500%	7.800%
Totals	15,745,592	100.000%		8.990%		16,338,803	100.000%		8.990%		16,898,348	100.000%		8.990%		18,009,407	100.000%		10.000%
																19,581,304	100.000%		10.000%

NOTE: RETURN ON EQUITY IS IMPLIED (NOT ACTUAL) BASED ON AUTHORIZED COST OF CAPITAL APPROVED IN D.16-12-035 IN EFFECT DURING THE 2017-2021 PERIOD

# Kerman



## Kerman Telephone Company

DEBT		12/31/2021			12/31/2020			12/31/2019			12/31/2018			12/31/2017		
Line	No.	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount
Source: Form M sche. B-10 or Audit Report notes																
	Rural Utilities Service (12010 to 12012)	-	5.0000%	2,076.11	273,294.17	5.000%	13,664.71	367,733	5.000%	18,387	457,181	5.000%	22,859	542,634	5.000%	27,132
	Rural Utilities Service 11040	2,674,895.40	3.5950%	6,066.78	2,821,760.18	3.595%	101,442.28	2,968,311	3.595%	106,711	3,105,566	3.595%	111,645	3,238,663	3.595%	116,430
	Rural Utilities Service 12030	-	4.6000%	4,754.25	330,019.44	4.604%	15,194.09	382,316	4.604%	17,602	431,622	4.604%	19,872	479,047	4.604%	22,055
	Rural Utilities Service 12031	100,990.66	4.4820%	2,790.15	287,979.04	4.480%	12,901.46	331,694	4.480%	14,860	372,953	4.480%	16,708	412,518	4.480%	18,481
	Rural Utilities Service 12032	194,891.81	4.2920%	3,338.26	231,197.51	4.290%	9,918.37	266,457	4.290%	11,431	299,820	4.290%	12,862	331,870	4.290%	14,237
	Rural Utilities Service 12033	105,945.44	3.7110%	125,926.13	105,945.44	3.711%	4,679.53	145,745	3.711%	5,409	164,479	3.711%	6,775	182,571	3.711%	6,775
	Rural Utilities Service 12034	139,373.62	2.9620%	41,315.75	166,462.65	2.962%	4,930.62	193,001	2.962%	5,717	218,556	2.962%	6,474	243,409	2.962%	7,210
	Rural Utilities Service 12035	203,691.57	3.5590%	16,247.64	242,493.38	3.550%	8,608.51	280,357	3.550%	9,953	316,533	3.550%	11,237	351,521	3.550%	12,479
	Rural Utilities Service 12036	143,445.05	3.9610%	2,018.17	170,407.40	3.961%	6,749.84	196,649	3.961%	7,789	221,589	3.961%	8,777	245,619	3.961%	9,729
	Rural Utilities Service 12037	272,006.35	3.9980%	28,446.04	323,125.82	3.998%	12,918.57	372,867	3.998%	14,907	420,116	3.998%	16,796	465,629	3.998%	18,616
	Rural Utilities Service 12038	269,696.91	3.8350%	23,351.84	320,469.63	3.835%	12,290.01	369,927	3.835%	14,187	417,008	3.835%	15,992	462,425	3.835%	17,734
	Rural Utilities Service 12530	381,809.89	3.4450%	18,029.54	454,855.62	3.443%	15,661.59	526,191	3.443%	18,118	594,445	3.443%	20,468	660,528	3.443%	22,743
	Rural Utilities Service 12531	261,395.65	2.1620%	8,648.14	313,236.77	2.162%	6,772.18	364,301	2.162%	7,876	413,983	2.162%	8,950	462,662	2.162%	10,003
	Rural Utilities Service 12532	213,909.45	2.0460%	9,293.44	256,513.97	2.046%	5,248.28	298,514	2.046%	6,108	339,436	2.046%	6,945	379,577	2.046%	7,766
	Rural Utilities Service 12533	59,992.59	2.0460%	15,954.06	71,941.43	2.046%	1,471.92	83,720	2.046%	1,713	95,198	2.046%	1,948	106,456	2.046%	2,178
	Rural Utilities Service RET4-2	886,587.22	2.2703%	12,371.34	940,709.21	2.270%	21,356.92	994,653	2.270%	22,582	1,046,505	2.270%	23,759	1,097,339	2.270%	24,913
	Rural Utilities Service RET4-3	820,857.66	2.0823%	23,663.37	871,715.04	2.082%	18,151.72	922,406	2.082%	19,207	971,304	2.082%	20,225	1,019,317	2.082%	21,225
	Rural Utilities Service RET4-4	630,635.23	2.6223%	22,581.06	668,061.45	2.622%	17,518.58	705,367	2.622%	18,497	740,988	2.622%	19,431	775,805	2.622%	20,344
	Rural Utilities Service RET4-5	445,073.33	1.9741%	29,121.84	472,870.43	1.974%	9,334.94	500,605	1.974%	9,882	527,322	1.974%	10,410	553,753	1.974%	10,932
	PPP Loan	357,109.84	1.0000%	9,575.67	703,049.00	1.000%	7,030.49	0		0						

(Form M Sch. I-1)

EQUITY		8,162,308	4.969%	405,570	10,046,261	3.044%	305,845	10,270,814	3.222%	330,934	11,154,603	3.186%	355,359	12,011,344	3.255%	390,982
Source: Form M Schedule B-1 or Audit Report																
Line No.	Account number	Account Title														
125	4510	Capital stock	901,000		901,000			901,000			901,000			901,000		
126	4520	Additional paid-in capital	984,000		984,000			984,000			984,000			984,000		
127	4530	Treasury stock														
128	4540	Other capital	2,000		2,000			2,000			2,000			2,000		
129	4550	Retained earnings	14,386,100		13,552,000			12,970,000			11,807,000			11,048,000		
130	440	Total Stockholders' Equity	16,273,100		15,439,000			14,857,000			13,694,000			12,935,000		

### CAPITAL STRUCTURE/COST OF CAPITAL/WEIGHTED COST OF CAPITAL

	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital
Debt	8,162,308	33.4%	4.969%	1.700%	10,046,261	39.4%	3.044%	1.200%	10,270,814	40.9%	3.222%	1.300%	11,154,603	44.9%	3.186%	1.400%	12,011,344	48.1%	3.255%	1.600%
Equity (See Note)	16,273,100	66.6%	10.451%	6.960%	15,439,000	60.6%	12.310%	7.460%	14,857,000	59.1%	12.454%	7.360%	13,694,000	55.1%	13.176%	7.260%	12,935,000	51.9%	13.603%	7.060%
Totals	24,435,408	100.00%		8.660%	25,485,261	100.00%		8.660%	25,127,814	100.00%		8.660%	24,848,603	100.00%		8.660%	24,946,344	100.00%		8.660%

NOTE: RETURN ON EQUITY IS IMPLIED (NOT ACTUAL) BASED ON AUTHORIZED COST OF CAPITAL APPROVED IN D.16-12-035 IN EFFECT DURING THE 2016-2021 PERIOD

# Pinnacles



# Ponderosa

PONDEROSA TELEPHONE COMPANY																
DEBT		12/31/2021			12/31/2020			12/31/2019			12/31/2018			12/31/2017		
Line No.		Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount
Source: RUS Loan Schedules from 2017-2021																
	RUS Loan	12,552	5.00%	628	29,744	5.00%	1,487	46,087	5.00%	2,304	61,651	5.00%	3,083	76,453	5.00%	3,823
	RUS Loan	-	5.00%	-	54,004	5.00%	2,700	142,352	5.00%	7,118	226,407	5.00%	11,320	306,364	5.00%	15,318
	RUS Loan	-	5.00%	-	61,407	5.00%	3,070	153,158	5.00%	7,658	240,450	5.00%	12,023	323,488	5.00%	16,174
	RUS Loan	26,131	5.00%	1,307	56,688	5.00%	2,834	85,753	5.00%	4,288	113,406	5.00%	5,670	139,711	5.00%	6,986
	RUS Loan	481,752	4.10%	19,733	629,919	4.10%	25,801	772,133	4.10%	31,627	908,659	4.10%	37,219	1,039,707	4.10%	42,586
	RUS Loan	1,410,756	2.92%	41,138	1,854,612	2.92%	54,080	2,285,693	2.92%	66,651	2,704,421	2.92%	78,861	3,111,110	2.92%	90,720
	RUS Loan	526,551	3.59%	18,924	690,721	3.59%	24,825	849,088	3.59%	30,516	1,001,882	3.59%	36,008	1,149,281	3.59%	41,305
	RUS Loan	216,368	2.03%	4,384	285,794	2.03%	5,790	353,824	2.03%	7,168	420,494	2.03%	8,519	485,826	2.03%	9,843
	RUS Loan	1,353,086	1.74%	23,544	1,802,206	1.74%	31,358	2,243,565	1.74%	39,038	2,677,328	1.74%	46,586	3,103,604	1.74%	54,003
	RUS Loan	2,506,314	2.92%	73,159	3,320,734	2.92%	96,932	4,111,690	2.92%	120,020	4,879,958	2.92%	142,446	5,626,115	2.92%	164,226
	RUS Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RUS Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	RTB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	FFB Loan	-														

**Sierra**

SIERRA TELEPHONE COMPANY, INC.				UNAUDITED															
				12/31/2021			12/31/2020			12/31/2019			12/31/2018			12/31/2017			
DEBT																			
Line																			
No.		Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount
Source: Form M sche. B-10 or Audit Report notes																			
	RTB S050	0	5.540%	0	0	5.540%	0	0	5.540%	0	87,501	5.540%	4,848	176,859	5.540%	9,798			
	RTB S051	0	5.670%	0	0	5.670%	0	25,877	5.670%	1,467	78,528	5.670%	4,453	128,270	5.670%	7,273			
	RTB S052	0	5.670%	0	0	5.670%	0	100,604	5.670%	5,704	305,183	5.670%	17,304	498,460	5.670%	28,263			
	RTB S053	0	5.670%	0	0	5.670%	0	109,083	5.670%	6,185	330,799	5.670%	18,756	540,267	5.670%	30,633			
	RTB S054	0	5.670%	0	0	5.670%	0	42,967	5.670%	2,436	130,303	5.670%	7,388	212,814	5.670%	12,067			
	RTB S055	0	5.670%	0	0	5.670%	0	46,740	5.670%	2,650	142,268	5.670%	8,067	232,519	5.670%	13,184			
	RTB S056	0	5.360%	0	0	5.360%	0	36,458	5.360%	1,954	110,978	5.360%	5,948	181,600	5.360%	9,734			
	RTB S057	0	5.360%	0	0	5.360%	0	69,880	5.360%	3,746	212,712	5.360%	11,401	348,072	5.360%	18,657			
	RTB S058	0	5.360%	0	0	5.360%	0	38,108	5.360%	2,043	114,088	5.360%	6,115	186,092	5.360%	9,975			
	FFB H010	0	7.794%	0	0	7.794%	0	0	7.794%	0	0	7.794%	0	0	7.794%	0			
	FFB H015	0	7.866%	0	0	7.866%	0	0	7.866%	0	0	7.866%	0	0	7.866%	0			
	FFB H020	0	7.459%	0	0	7.459%	0	0	7.459%	0	0	7.459%	0	0	7.459%	0			
	FFB H025	0	7.730%	0	0	7.730%	0	0	7.730%	0	0	7.730%	0	0	7.730%	0			
	FFB H030	0	7.896%	0	0	7.896%	0	0	7.896%	0	0	7.896%	0	0	7.896%	0			
	FFB H035	0	10.493%	0	0	10.493%	0	0	10.493%	0	0	10.493%	0	0	10.493%	0			
	FFB H040	0	10.493%	0	0	10.493%	0	0	10.493%	0	0	10.493%	0	0	10.493%	0			
	FFB H045	0	10.493%	0	0	10.493%	0	0	10.493%	0	0	10.493%	0	0	10.493%	0			
	FFB H055	0	10.494%	0	0	10.494%	0	0	10.494%	0	0	10.494%	0	0	10.494%	0			
	FFB H060	0	10.494%	0	0	10.494%	0	0	10.494%	0	0	10.494%	0	0	10.494%	0			
	FFB H090	0	10.500%	0	0	10.500%	0	0	10.500%	0	0	10.500%	0	0	10.500%	0			
	FFB H095	0	8.587%	0	0	8.587%	0	0	8.587%	0	0	8.587%	0	0	8.587%	0			
	FFB H100	0	8.672%	0	0	8.672%	0	0	8.672%	0	0	8.672%	0	0	8.672%	0			
	FFB H105	0	10.500%	0	0	10.500%	0	0	10.500%	0	0	10.500%	0	0	10.500%	0			
	RUS 12070	0	5.000%	0	0	5.000%	0	0	5.000%	0	0	5.000%	0	0	5.000%	0			
	RUS 12071	0	5.000%	0	0	5.000%	0	0	5.000%	0	0	5.000%	0	0	5.000%	0			
	RUS 12130	0	5.000%	0	0	5.000%	0	0	5.000%	0	0	5.000%	0	0	5.000%	0			
	RUS 12131	0	5.000%	0	0	5.000%	0	0	5.000%	0	0	5.000%	0	0	5.000%	0			
	RUS 12132	0	5.000%	0	0	5.000%	0	14,808	5.000%	740	63,747	5.000%	3,187	77,764	5.000%	3,888			
	RUS 12140	0	5.950%	0	0	5.950%	0	274,004	5.950%	16,303	413,798	5.950%	24,621	671,925	5.950%	39,980			
	RUS 12141	0	6.520%	0	0	6.520%	0	241,810	6.520%	15,766	354,535	6.520%	23,116	581,049	6.520%	37,884			
	RUS 12142	0	6.030%	0	0	6.030%	0	152,607	6.030%	9,202	227,762	6.030%	13,734	371,412	6.030%	22,396			
	RUS 12143	0	5.480%	0	0	5.480%	0	187,761	5.480%	10,289	276,893	5.480%	15,174	454,615	5.480%	24,913			
	RUS 12144	0	4.990%	0	0	4.990%	0	52,120	4.990%	2,601	230,581	4.990%	11,506	375,262	4.990%	18,726			
	RUS 12145	0	5.460%	0	0	5.460%	0	88,668	5.460%	4,841	139,324	5.460%	7,607	223,262	5.460%	12,190			
	RUS 12146	0	5.330%	0	0	5.330%	0	178,083	5.330%	9,492	266,101	5.330%	14,183	434,912	5.330%	23,181			
	RUS 12147	0	5.460%	0	0	5.460%	0	142,637	5.460%	7,788	212,552	5.460%	11,605	347,587	5.460%	18,978			
	RUS 12148	0	4.960%	0	0	4.960%	0	198,379	4.960%	9,840	295,094	4.960%	14,637	483,833	4.960%	23,998			
	RUS 12540	0	4.050%	0	0	4.050%	0	111,799	4.050%	4,528	165,316	4.050%	6,695	272,665	4.050%	11,043			
	RUS 9J990	0	5.000%	0	0	5.000%	0	0	5.000%	0	0	5.000%	0	0	5.000%	0			
	Amortized Debt Expense			0			0			5,566			10,356			10,356			
	(Form M Sch. I-1)	0	0.000%	0	0	0.000%	0	2,112,392	5.829%	123,142	4,158,060	5.789%	240,701	6,799,237	5.694%	387,115			

EQUITY

Source: Form M Schedule B-1 or Audit Report

Line	Account	Account															
No.	number	Title															
125	4510	Capital stock	40,000		40,000	40,000		40,000		40,000	40,000		40,000		40,000		40,000
126	4520	Additional paid-in capital	10,533		10,533	10,533		10,533		10,533	10,533		10,533		10,533		10,533
127	4530	Treasury stock	-		-	-		-		-	-		-		-		-
128	4540	Other capital	1,764,026		1,632,371	(1,723,827)		353,516		353,516	(4,771,429)						
129	4550	Retained earnings	64,243,218		60,565,324	57,704,373		52,070,460		52,070,460	52,070,460		52,070,460		52,070,460		52,070,460
130	440	Total Stockholders' Equity	66,057,777		62,248,228	56,031,079		52,474,509		52,474,509	47,349,564		47,349,564		47,349,564		47,349,564

CAPITAL STRUCTURE/COST OF CAPITAL/WEIGHTED COST OF CAPITAL

	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital
Debt	-	0.0%	0.000%	0.000%	-	0.0%	0.000%	0.000%	2,112,392	3.6%	5.829%	0.200%	4,158,060	7.3%	5.789%	0.400%
Equity (See Note)	66,057,777	100.0%	9.220%	9.220%	62,248,228	100.0%	9.220%	9.220%	56,031,079	96.4%	9.357%	9.020%	52,474,509	92.7%	9.515%	8.820%
Totals	66,057,777	100.000%		9.220%	62,248,228	100.000%		9.220%	58,143,471	100.000%		9.220%	56,632,569	100.000%		9.220%

NOTE: RETURN ON EQUITY IS IMPLIED (NOT ACTUAL) BASED ON AUTHORIZED COST OF CAPITAL APPROVED IN D.16-12-035 IN EFFECT DURING THE 2017-2021 PERIOD

**Siskiyou**



**SISKIYOU TELEPHONE COMPANY**

**DEBT**

Line No.	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount
<b>Source: Form M sche. B-10 or Audit Report notes</b>															
RUS			-			-			-			-			-
RTB			-			-			-			-			-
<b>Total (Form M Sch. I-1)</b>	-	0.000%	-	-	0.000%	-	-	0.000%	-	-	0.000%	-	-	0.000%	-

## EQUITY

**Source: Form M Schedule B-1 or Audit Report**

Line No.	Account number	Account Title					
125	4510	Capital stock	10,000	10,000	10,000	10,000	10,000
126	4520	Additional paid-in capital	10,900,000	10,900,000	10,900,000	10,900,000	10,900,000
127	4530	Treasury stock	-	-	-	-	-
128	4540	Other capital	6,957	6,957	6,957	6,957	6,957
129	4550	Retained earnings	<u>64,544,431</u>	<u>75,833,591</u>	<u>72,687,853</u>	<u>72,997,189</u>	<u>62,887,781</u>
130	440	Total Stockholders' Equity	75,461,388	86,750,548	83,604,810	83,914,146	73,804,738

### CAPITAL STRUCTURE/COST OF CAPITAL/WEIGHTED COST OF CAPITAL

	Amount	Percent	Cost of	Weighted	Amount	Percent	Cost of	Weighted	Amount	Percent	Cost of	Weighted	Amount	Percent	Cost of	Weighted	Amount	Percent	Cost of	Weighted
		Capital	Capital	Cost of Capital		Capital	Capital	Cost of Capital		Capital	Capital	Cost of Capital		Capital	Capital	Cost of Capital		Capital	Capital	Cost of Capital
Debt	-	0.0%	0.000%	0.000%	-	0.0%	0.000%	0.000%	-	0.0%	0.000%	0.000%	-	0.0%	0.000%	0.000%	-	0.0%	0.000%	0.000%
Preferred Stock	-	0.0%	0.000%	0.000%	-	0.0%	0.000%	0.000%	-	0.0%	0.000%	0.000%	-	0.0%	0.000%	0.000%	-	0.0%	0.000%	0.000%
Equity (See Note)	75,461,388	100.0%	8.920%	8.920%	86,750,548	100.0%	8.920%	8.920%	83,604,810	100.0%	8.920%	8.920%	83,914,146	100.0%	8.920%	8.920%	73,804,738	100.0%	8.920%	8.920%
Totals	75,461,388	100.000%	8.920%	8.920%	86,750,548	100.000%	8.920%	8.920%	83,604,810	100.000%	8.920%	8.920%	83,914,146	100.000%	8.920%	8.920%	73,804,738	100.000%	8.920%	8.920%

NOTE: RETURN ON EQUITY IS IMPLIED (NOT ACTUAL) BASED ON AUTHORIZED COST OF CAPITAL APPROVED IN D.16-12-035 IN EFFECT DURING THE 2017-2021 PERIOD

# Volcano

**VOLCANO TELEPHONE COMPANY**

DEBT		12/31/2021			12/31/2020			12/31/2019			12/31/2018			12/31/2017		
Line No.	Amount	Interest Rate	Rate times Amount		Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount	Amount	Interest Rate	Rate times Amount
<i>Source: Form M sch. B-10 or Audit Report notes</i>																
RUS Loan	5,765,991	5.100%	294,065.54		6,623,910	5.100%	337,819.41	7,452,280	5.100%	380,066.28	8,231,253	5.100%	419,793.90	8,969,025	5.100%	457,420.28
RUS Loan	458,147	6.646%	30,448.45		505,424	6.646%	33,590.48	545,238	6.646%	36,236.52	582,513	6.646%	38,713.81	617,621	6.646%	41,047.09
Amortized Debt Expense			498.00				498.00			498.00			498.00			498.00
<b>Total (Form M Sch. I-1)</b>	<b>6,224,138</b>	<b>5.200%</b>	<b>325,011.99</b>		<b>7,129,334</b>	<b>5.200%</b>	<b>371,907.89</b>	<b>7,997,518</b>	<b>5.200%</b>	<b>416,800.80</b>	<b>8,813,766</b>	<b>5.200%</b>	<b>459,005.71</b>	<b>9,586,646</b>	<b>5.200%</b>	<b>498,965.37</b>

## EQUITY

Source: Form M Schedule B-1 or Audit Report

Line No.	Account number	Account Title					
125	4510	Capital stock	1,354,125	1,354,125	1,354,125	1,354,125	1,354,125
126	4520	Additional paid-in capital	-	-	-	-	-
127	4530	Treasury stock	-	-	-	-	-
128	4540	Other capital	30,558	104,341	-	-	-
129	4550	Retained earnings	<u>32,208,077</u>	<u>31,075,740</u>	<u>29,579,444</u>	<u>28,121,528</u>	<u>26,045,371</u>
130	440	Total Stockholders' Equity	33,592,760	32,534,206	30,933,569	29,475,653	27,399,496

### CAPITAL STRUCTURE/COST OF CAPITAL/WEIGHTED COST OF CAPITAL

	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital	Amount	Percent Capital	Cost of Capital	Weighted Cost of Capital
Debt	6,224,138	15.6%	5.200%	0.813%	7,129,334	18.0%	5.200%	0.935%	7,997,518	20.5%	5.200%	1.068%	8,813,766	23.0%	5.200%	1.197%	9,586,646	25.9%	5.200%	1.348%
Preferred Stock	1,295,250	3.3%	7.000%	0.228%	1,295,250	3.3%	7.000%	0.229%	1,295,250	3.3%	7.000%	0.233%	1,295,250	3.4%	7.000%	0.237%	1,295,250	3.5%	7.000%	0.245%
Equity (See Note)	32,297,510	81.1%	9.960%	0.879%	31,238,956	78.8%	10.102%	7.956%	29,638,319	76.1%	10.270%	7.819%	28,180,403	73.6%	10.443%	7.686%	26,104,246	70.6%	10.665%	7.527%
Totals	39,816,898	100.00%		9.120%	39,663,540	100.00%		9.120%	38,931,087	100.00%		9.120%	38,289,419	100.00%		9.120%	36,986,142	100.00%		9.120%

NOTE: RETURN ON EQUITY IS IMPLIED (NOT ACTUAL) BASED ON AUTHORIZED COST OF CAPITAL APPROVED IN D.16-12-035 IN EFFECT DURING THE 2017-2021 PERIOD